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## Jakarta Merges Banks To Reignite Economy

Asia Markets Cheer Quick Reform Start

By Seth Mydans  
New York Times Service

JAKARTA — Moving quickly to begin restructuring the country's economic engine, Indonesia has announced the first of an expected series of bank mergers aimed at making the financial system more efficient and accountable.

The merger of five private banks, reported Monday, begins a process of consolidation of some 240 banks that was called for in an agreement signed Wednesday with the International Monetary Fund.

"It's significant because of the speed with which it followed the latest IMF accord," said James Castle, a director of

Indonesians march against seventh term for President Suharto. Page 4.

Castle Group, a financial analysis firm. "It shows that they are serious about one important part of the accord."

The accord, which will restructure vast areas of Indonesia's economy, called for an increase in the required capitalization of banks as well as a broadening of their ownership to prevent unsound private lending.

[Asian stock markets rallied, with the benchmark index in Jakarta climbing 6.1 percent as the planned merger showed that the country could succeed in reviving its ailing financial industry, Bloomberg News reported.]

[The benchmark index in Bangkok rose 9.9 percent, leading the region. The composite index in Kuala Lumpur gained 9.1 percent, the Hang Seng index in Hong Kong surged 5.6 percent, and the Straits Times index in Singapore and the Composite Index in Seoul both advanced 6.6 percent.]

Some analysts urged caution Monday. When the IMF arranged a \$40 billion rescue package last October, one of the first encouraging steps taken by the Indonesian government was the closing

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3 Korean Empires Bow to New Reality

By Don Kirk  
Special to the Herald Tribune

SEOUL — South Korea's three largest conglomerates announced plans Monday to scale back their empires in the interest of efficiency and economic survival.

Hyundai Corp., the largest of the conglomerates in terms of assets, abandoned its founder's pet project of building a steel plant and said it was suspending work on a semiconductor plant in Scotland and a motor-vehicle factory in Indonesia while promising to get rid of unprofitable subsidiaries.

LG, the third-largest of the conglomerates, called *chaebol*, said it too would give up unprofitable enterprises and modernize its corporate structure. Samsung Corp., Hyundai's rival for the national lead in total sales, said it was closing regional headquarters in London and Singapore and in Ridgefield Park, New Jersey.

The announcements reflected the desire of the companies to be seen as making progress toward meeting demands of the International Monetary Fund in return for \$50 billion in loans and guarantees to bail South Korea out of its economic crisis.

The IMF has called for sharp reductions in the size and number of *chaebol* as well as "transparency" in its financial statements and corporate direction — all of which were promised in the announcements by Hyundai and LG.

A high-level South Korean economic team is to meet Wednesday with representatives of creditor banks in New York, and there have been reports that government officials wanted Hyundai and LG to announce their plans before the meeting. Samsung and Daewoo Corp. had already said they would cut back drastically on unprofitable enterprises.

Among the assets Hyundai said it would divest itself of is the afternoon newspaper *Munhwa Ilbo*, opened in

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## Cuba Puts On a New Face for the Pope



A worker installing a painting of Christ on Monday in Havana's main plaza, where Pope John Paul II will celebrate Mass on Sunday. Fidel Castro has been trying to portray the Pope as an ally. Page 7.

## China Shows Cohen Big Military Secret

### Air Defense Center in Beijing Opened to Pentagon Visitors

By John Pomfret  
Washington Post Service

BEIJING — The U.S. secretary of defense, William Cohen, became Monday the first Western official to visit a once-secret air defense center in Beijing in what U.S. officials called an important step in improving military relations between China and the United States.

Mr. Cohen also announced that he was pleased with a statement by the defense minister of China that Beijing had ended sales of C-801 and C-802 anti-ship cruise missiles to Iran.

China has reportedly sold several such missiles to Iran in defiance of Washington, which fears that they could threaten shipping lanes in the Gulf.

On the third day of a four-day trip to China, Mr. Cohen also concluded the first formal agreement between the U.S. Defense Department and China's People's Liberation Army: a protocol designed to prevent incidents at sea.

The developments underscored significant improvement in one of Washington's most sensitive military relationships — between the world's most

powerful country and its most populous one. Less than two years ago, a U.S. aircraft carrier battle group was facing off against Chinese forces on military exercises near the Strait of Taiwan and tension was high in both capitals.

Since then, U.S. and Chinese officials have labored to improve ties despite domestic opposition, lingering mistrust and strong disagreement over Taiwan. China considers the island nation of 21 million people to be a rogue province, and the United States is legally bound to support Taipei.

Mr. Cohen's trip, the fifth leg of a seven-nation tour of East Asia, has built on a groundswell of good feelings engendered by the meeting in October between President Bill Clinton and President Jiang Zemin.

The visit Monday to the Beijing Air Defense Command Center was the highlight of Mr. Cohen's trip.

Arranged just days before he came to China, the visit gave U.S. military experts a glimpse into the heart of China's defense structure. The secretary went with 14 other U.S. officials, including Admiral Joseph Prueher, commander of America's Asia-Pacific fleet.

The eight-story building sits in southeastern Beijing, behind a lightly guarded, unassuming gate, according to an American official with Mr. Cohen.

"If this facility was across the street, you wouldn't know it was there," the official said.

Commanded by a Chinese lieutenant general, the center is responsible for defending the skies in a 320-kilometer (200-mile) radius around China's capital. It has the capability of coordinating surface-to-air missile batteries, of tracking thousands of military and commercial planes in the region daily and, most significantly, of generating an integrated response to a potential crisis, the official said.

Previously, U.S. officials have said they did not know that China was capable of coordinating integrated responses among its different forces.

"It was an interesting mixture of old and new, of technology from the late 1950s and early 1980s," the official said. "Some places had computers with large displays. In other places, I smelled vacuum tubes," electronic components

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## Show of Support for Rome's EMU Bid

By Barry James  
and Alan Friedman  
International Herald Tribune

BRUSSELS — European Union finance ministers on Monday dispelled doubts about Italy's ability to meet the strict criteria to join the planned European Monetary Union this spring, voicing approval for Rome's 1998 budget package of spending cuts and tax and social security reforms.

"Italy has achieved remarkable success," said Theo Waigel, the German finance minister who has been one of Italy's sharpest critics.

The endorsement from the 15 EU countries was "entirely unanimous," said Gordon Brown, Britain's chancellor of the Exchequer, who on Monday began his six-month term as chairman of the finance ministers' meetings.

The fear that weak Italian economic figures could undermine the EU dropped up in the Netherlands last week, where the finance minister, Gerrit Zalm, was reported to be on the verge of resignation over the issue. He has denied the report and said Monday that the Netherlands had no "historical or geographical prejudice" about Italy's entrance into monetary union.

The recognition of Italy's economic progress came on the eve of a politically significant visit to Rome by Chancellor Helmut Kohl of Germany, who is scheduled to meet with Prime Minister Romano Prodi on Tuesday.

Italian officials are hoping that Mr.

Kohl will offer some expression of support for Italy's determined drive to get its public-sector finances in order. But some analysts predicted Monday that Mr. Kohl was unlikely to provide a full-blown endorsement.

"I think Mr. Kohl will make some positive noises about Italy's progress toward meeting single currency terms while also emphasizing that he cannot prejudice anybody's membership prospects until the heads of government meet to decide on who will be admitted to EMU early in May," said Julian Jessop, economist at Nikko Europe in London.

Mr. Jessop and other analysts said that despite skepticism in Germany about the single currency and some vocal opposition to Italian membership, Mr. Kohl could no longer ignore the

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## U.S. Firms Show a Strong Urge to Merge

With a record \$1 trillion in mergers last year, corporate America is being reshaped by a wave of deals in a reprise of the industrial upheavals that took place at the beginning of the century. The rush has created U.S. giants that

are global forces, exploiting new demand abroad while fending off overseas rivals. While no one can say how long this merger pace can last, the trend reflects a growing belief among regulators that big business is not necessarily bad. Page 11.

## Iraq's 'Arbitrary' Deadline Scorned by UN Inspector

In Baghdad, Butler Says It 'Simply Won't Work'

By Barbara Crossette  
New York Times Service

BAGHDAD — The United Nations' chief arms inspector for Iraq, Richard Butler, began crucial talks here Monday, acknowledging that relations with President Saddam Hussein were again at the crisis point but also offering the Iraqis a few crumbs of hope for quicker action toward lifting sanctions.

On Saturday, Mr. Butler threatened to expel all UN inspectors within six

months if the sanctions that have collapsed the Iraqi economy by blocking oil sales were not lifted.

The government said it had no alternative because, in its view, Washington seems prepared to have the embargo on Iraq continue indefinitely. The sanctions were ordered after the Gulf War over the Iraqi invasion of Kuwait in 1990.

As Mr. Butler was arriving Monday, Iraqis staged a funeral for 70 children who the government says have died recently because the embargo had deprived them of both food and medicine.

Mr. Butler said that the threat to end cooperation with the United Nations "makes no practical sense."

"The idea of an arbitrary, a priori deadline is something that simply won't work," he said at a news conference Monday evening before the first of two meetings with Deputy Prime Minister

Tariq Aziz. UN officials said that there would be no public statements about the talks until they concluded.

"This work can be done quite quickly with full Iraqi cooperation," Mr. Butler said. But, he added, "It will end when it ends."

Nevertheless, he dealt with some Iraqi concerns when he said that he might be willing to take a second look at the composition of inspection teams, some of which the Iraqis have complained have too many Americans.

"We choose the best that we can," said Mr. Butler, an Australian, adding that experts were recruited from countries around the world to form inspection teams tailored to certain sites and problems.

"Maybe in the future, we'll make a double take and look at their nationalities. But only after we look at their qualifications."

Addressing Iraqi protests about the blanket nature of the inspection system, Mr. Butler also said that two meetings of technical experts would soon be held to review the files on special warheads capable of delivering chemical and biological weapons and on evidence that Iraq had produced the deadly nerve gas known as VX.

Critics of continued sanctions against Iraq have asked that, at the very least, the UN Special Commission, which Mr. Butler heads, should begin closing files

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## AGENDA

### One Killed in Shooting at King March

BATON ROUGE, Louisiana (AP) — Gunshots were fired Monday at marchers in a parade honoring Martin Luther King Jr., killing one person and wounding three children.

The police were searching for at least one shooter, who was believed to be black, said Corporal Don Kelly, a police spokesman.

The wounded victims, two of

whom appeared to be under the age of 10, suffered "minor to moderate" injuries, Corporal Kelly said.

The motive was not known but race was not believed to be a factor, Corporal Kelly said. "The only thing we know at this point is that a man in an orange looking shirt came out of the crowd and started shooting," said Corporal Charles Armstrong.

### Ulster Plan Assailed

Gerry Adams and a delegation from Sinn Fein, the political arm of the IRA, objected to a new British-Irish negotiating blueprint in a meeting with Prime Minister Tony Blair at his London residence on Monday but said they remained committed to participation in the current peace talks in Belfast.

They said they would not be driven from the negotiations by the actions of sectarian groups who have killed six people since Christmas. Page 5.

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## In Belgrade, a Descent Into Sordid Hedonism

Serbs Are Turning to Pornography and Violence

By Chris Hedges  
New York Times Service

BELGRADE — Pulsating music thumped through the blue haze of cigarette smoke and strobe lights of the Lotus Club. Scantly clad strippers spun around poles and leaped into two huge floodlit cages with men and women from the dance floor. The young couples began to peel off their shirts and simulate sex with the dancers.

"Stay a little longer," a patron shouted. "The simulation is just the beginning."

Under a spotlight, a stripper known as Nina, a star of Belgrade's violent and frenetic night life, descended a spiral staircase. Her lover and bodyguard, a woman with closely cropped hair and a pistol tucked in her belt, followed her.

A year ago, Belgrade, which saw daily street protests staged by the political opposition, seemed on the verge of escaping from the nightmare of war, nationalist ideology and repressive rule by President Slobodan Milosevic. Today, the city seems more like Caligula's Rome.

There is a wild abandon in the air, bred of hopelessness and apathy. The city's best-known gangsters, sometimes in the company of Mr. Milosevic's son, Marko, who recently threatened bar patrons with an automatic weapon, cruise the streets in BMWs and Mercedeses. They haunt clubs like the Lotus in their expensive black Italian suits and leather jackets.

This criminal class, many of whom made their fortunes by plundering the possessions of ethnic Croats and Muslims who were expelled from their homes or killed in Bosnia-Herzegovina during the war there, deals in stolen clothes from Italy, stolen cars, drugs, protection rackets, prostitution and duty-free cigarettes. They also control some 70 escort services in Belgrade, three adult cinemas and 20 pornographic magazines, people in the industry say.

After midnight, the public television channels show hard-core pornographic films made in their studios.

The hedonism comes as inflation is eating away at the local currency, the dinar, which has lost more than half of its value in the last few months. And it comes as the political opposition self-destructs with infighting after Mr. Milosevic, formerly the president of Serbia and now the president of Yugoslavia, has reassured control.

Adding to the pressures, Serbs are also

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See BELGRADE, Page 7

## Madagascar's Real-Vanilla Cash Crop Loses Flavor

By Suzanne Daley  
New York Times Service

ANTALAH, Madagascar — Barefoot in the steamy rain forest that surrounds his wooden hut here, Solomon Rasolomonina pushed his way through the branches, hunting for his vanilla plants. When he found one, he snapped a twig the size of a matchstick from a nearby tree and, gently reaching into the plants' blooming orchids, pollinated them.

"You must come out here every day at this time of year," he said, swiping a mosquito from his forehead. "You must get the flower in the morning, when it blooms, and before it is too old. You only have a few days."

In a world where a dessert has been named "death by chocolate" and chocoholics have their own support groups, this island in the Indian Ocean is the champion of what some people consider a more refined taste. Here you can even order lobster "à la vanille."

Vanilla plants, which need to grow coiled around trees, were introduced to Madagascar in the mid-1800s, when they were transplanted from Mexico, where there are birds and bees that will do Mr. Rasolomonina's task.

But here there are none of the right kind. And though Madagascar has produced most of the world's vanilla over the last century, pollination is still done by hand.

A cash crop that once brought prices of nearly \$40 a

pound, vanilla was for a long time this impoverished island's own little pot of gold, its second biggest export crop, behind coffee.

The increasing use of artificial chemical flavorings and foreign competition have hurt the business. But experts say the biggest damage has been done by years of government price-fixing, high taxation and over-regulation. It is still too early to tell, they say, whether recent efforts to liberalize the business will save it.

Mr. Rasolomonina once had twice as many plants as he has today. But in the 1980s, he ripped out half his vines in disgust and planted bananas, breadfruit, sugar cane and coconuts instead.

Newstand Prices	
Bahrain	1,000 BD
Cyprus	£ 1.00
Denmark	14.00 DKr
Finland	12.00 FM
Gibraltar	£ 0.85
Great Britain	£ 0.90
Egypt	£ 5.50
Japan	1,250 JY
Korea	£ 1.10
Malaysia	700 M
Malta	55 c
Nigeria	125.00 Nkr
Oman	1,250 OR
Qatar	10.00 QR
Saudi Arabia	£ 1.00
S. Africa	£ 1.00
U.A.E.	£ 1.20
U.S. (incl. Postage)	\$ 1.20
Zimbabwe	25.00 Zim





Leader Since 1994 / Under Hue, Party Gains in French Ratings

## Clear Skies for the Communist Weatherman

By John Vinocur  
International Herald Tribune

PARIS — Time was in the 1970s when Georges Marchais, Communist Party chief and French politics' favorite ogre, would go on television, snarl at the interviewer, interrupt whatever he didn't like to hear and pronounce Soviet policy, whatever the week's atrocity, to be "globally positive." In terms of politico-psychiatric transfer, the late Mr. Marchais had hit on a marvelous gimmick: For millions of Frenchmen, regardless of the message, he was the guy who went into the boss's office and blew smoke in his face.

Over the years, Afghanistan, the crackdown in Poland, the misery of Soviet life, the decline of industrial work in France, Francois Mitterrand's deft maneuvering within the left and the fall of the Berlin Wall all combined to marginalize the French Communists and turn Mr. Marchais's routine into a no-laugh number from a lost era. Surprisingly irrelevant, and wobbling under the weight of its black history, the party was abandoned by all but its reflex voters. A long, public mea culpa followed a sworn, public embrace of democracy that coincided, in turn, with Mr. Marchais's slide into retirement.

Robert Hue, more the jovial TV-weatherman type than bash-the-bosses ranter, became party chief in 1994. A snap legislative election last May unexpectedly turned the Communists into a component of Prime Minister Lionel Jospin's Socialist-led government. And now, a few weeks into 1998, the party is moving into the entirely unaccustomed role of being listened to on subjects where its views have usually meant more ridicule than potential solution.

Mr. Hue points gleefully to the bourgeois origin and assumed objectivity of an end-of-the-year poll in the conservative daily newspaper *Le Figaro* that shows the Communists getting more favorable judgment (37 percent) and less negative opinion (51 percent) than either of the major components of the rightist opposition, the Gaullists and the UDF.

"They were talking about Figaro-Dimanche here, not 'Humanite Dimanche,'" Mr. Hue says with an enormous blue-sky grin, referring to the Communists' Sunday paper. He spreads his hands wide. "Never happened before."

What appears to have taken place is this: With the drag of running daily government and responsibility for the tight-money creed of qualifying for European Monetary Union, the Socialist Party has lost good chunks of its status as central repository for leftist policy and sentiment. Its plan to cut the work week to 35 hours has fallen far short of becoming a popular symbol for beating unemployment. With carefully dosed encouragement to jobless protesters in the streets, and voting for regional councils scheduled for March, the Communists are delighted to think they now have the right vocabulary to pick up some loose electoral change.

"Lionel Jospin is locked into the constraints of Europe at the moment," Mr. Hue said in an interview. "He has chosen to remain in the Maastricht criteria. In these conditions he cannot satisfy the needs of the unemployed. It's a very tight yoke."

MR. HUE gets around the question of how, with these contradictions, his party stays a part of the government, by saying, "I haven't asked Jospin to change policy, but to be true to the orientations we chose together in public before the elections."

This is a reference to Mr. Jospin's campaign attacks on the EMU Stability Pact, which will require the countries that join the European common currency in 1999 to carry forward the qualifying criteria indefinitely. Mr. Jospin denounced the pact as a German-engineered absurdity and then accepted its requirements barely a month after his election. For Mr. Hue, it is still "an austerity pact inspired by Kohl and the Bundesbank" that "subordinates our country almost forever" to a political vision "aiming to facilitate the profitability of the big groups and the financial markets."

This comes with Mr. Hue's insistence that his party is "profoundly in favor of European construction," a bit of a stride away from its old anti-Common Market line.



The essence of French communism today, insists Robert Hue, is that it wants to go beyond capitalism while social democrats will settle for adapting it. Mr. Hue spoke in Paris on Sunday after a march protesting European Monetary Union.

Trying to appropriate what there is of anti-European sentiment within the left, while making sure that it does not have to deal with its ultimate implications, the party is currently calling for a referendum on the Amsterdam Treaty laying out the European Union's expansion program, and its Stability Pact.

The Communists have no expectation that Mr. Jospin or President Jacques Chirac will initiate a vote on the euro, but they are able to claim for themselves an attack on what they see as the logical link between the EMU's requirements and disappearing jobs.

The party's remedies for unemployment include a lifetime job-training program that presupposes most workers would have five or six jobs during their career and would be retrained at regular intervals in conditions of full financial security.

Mr. Hue seems to think he can take hold of another area of strong sentiment by calling for new taxes on the rich to finance the job program. He goes further than Mr. Mitterrand's special tax on large fortunes and says:

"I want to penalize those in France, and why not elsewhere, who use money for speculation rather than for investment that creates jobs. I don't say you penalize everyone. I'm not talking about the little savers and the little shareholders. There are thou-

## Paris Unemployed Carry Their Protest to Prefecture

The Associated Press

PARIS — About 40 jobless activists marched into the Paris police prefecture on Monday in the latest protest over what they regard as the French government's failure to fight 12.4 percent unemployment.

In Lyon, the police evicted about 30 jobless people who had been camped out in a building belonging to the Credit Lyonnais bank for more than a week.

But jobless protesters continued sit-ins in the prestigious Ecole Normale Supérieure in Paris and the mayors' offices in the cities of Brest, Guingamp and Grenoble.

Jobless militants have been protesting for more than a month, and this weekend thousands of them marched in cities around France demanding an increase in minimum monthly aid for the unemployed.

sands of Communists who have France Telecom shares. Myself, I'm not crazy about shareholding. The people I'm after are not the little people but those who hold the essential financial power and are the rainmakers on this planet."

In the next breath, Mr. Hue explains that he has read George Soros. Interesting stuff, he says, with a slightly ironic, rainy-day smile. The party these days, he goes on, has nothing against the idea of personal property and sees state ownership of the means of production as an idea that was devastated by the Soviet experience.

"I don't want to make money diabolical. Previously we were linked to that image. But money has got to be useful. If it's not turned toward production, money is crazy. It's got to be oriented toward other things than a dictatorship of money."

Mr. Hue is at pains to say this in a way that would upset no one if he had turned up as a guest speaker at a chamber of commerce lunch.

THE ESSENCE of French communism today, he insists, is that it wants to go beyond capitalism while social democrats will settle for adapting it. But he is not afraid of the word revolution. In Mr. Hue's mind, "it is a democratic, peaceful process that gets you from one end to the other."

As a gauge of the party's new democratic soul he repeats its now familiar condemnations of Stalinism and its loyalty to the Soviets. "We think the individual and his development are the motor of all change," Mr. Hue says.

Who believes in this conversion? Mr. Hue points to the poll results and says they are particularly indicative because they have come at a time when a book documenting Communist crimes, "The Black Book of Communism," has been at the top of the country's best-seller list.

When the subject is the United States, there is hard rain in the weather guy's eyes.

He wants to steer clear of the old talk of devils, he says, but "they've got a dominating model and a model of domination. The Americans chose it, but the French and the Europeans don't want this model imposed on them. There are risks for the Americans in this hegemony and this domination. Their system leads to it."

So what else is new? a visitor asks with a sigh. "Ah," Mr. Hue replies, smiling again. "Before, that was ideology. Now, let's call it an objective observation."

## Netanyahu Policy Held Hostage to Hard-Liners

By Lee Hockstader  
Washington Post Service

JERUSALEM — Prime Minister Benjamin Netanyahu has flown to Washington to discuss Middle East peace at the White House this week after having whittled down expectations so insistently that any sign of progress may be greeted as a ray of hope.

His conservative cabinet spent much of last week elaborating on what they would not do to make peace with the Palestinians, where they would not do it and according to what timetable they would see it not get done.

For Mr. Netanyahu, who has long regarded the 1993 Israeli-Palestinian

critics of Mr. Netanyahu in Israel see these moves primarily as bargaining positions but unhelpful nonetheless.

Mr. Netanyahu "has a policy on the peace process — to keep putting it off and putting it off," said Gadia Golan, an activist for the advocacy group Peace Now. "He was and is opposed" to the 1993 accords and "believes in the idea of a Greater Israel."

But that did not mitigate the political reality in Israel that Mr. Netanyahu in such a bind, that any Israeli pullback from significant chunks of West Bank land could cause hard-liners to bolt from the cabinet, triggering the collapse of the government.

"There is now a paradigm of a weak prime minister who claims not to have enough power to move in a serious direction and can only move incrementally," said Yaron Ezrahi, a political scientist.

He said this means the Palestinians and Americans must choose between accepting a small concession and "getting as much as one can get at this stage, even if it's contrary to some expectations and a sense of fairness, or trying to force a conflict that will either strengthen Netanyahu by making him appear as a hero to the Israeli right or destabilize his government with all the uncertainties that new elections and a campaign carry. It's a very difficult choice."

The Palestinian leader, Yasser Arafat, scheduled to meet with Mr. Clinton two days after Mr. Netanyahu, has acted in generally subdued tones while not hiding his frustration with the Israeli

## There's no alternative to the peace process.

decisions. At the same time, he has characterized the Washington meetings as a last gasp for the peace process, warning that failure could provoke a renewed popular uprising by the Palestinians against Israeli military occupation.

That warning has been repeated incessantly in the Israeli media, broadcast along with reports that the Palestinians and Israeli forces are covertly preparing for new hostilities. The reports are dismaying to Jews and Palestinians alike, who have been shown by clear majorities in public opinion polls to favor progress in the peace process.

"It's easy to say the Arabs are to blame but they'll just say we're to blame," said Mikhail Bykov, an Israeli in the West Bank settlement of Qiryat Arba, south of Jerusalem. "There's no alternative to the peace process. If the other side's making steps toward peace, there's no reason we can't do the same."

Mindful of that strand of public opinion in Israel, and its corollary in the United States, Mr. Netanyahu has taken pains to launch a full-scale public relations offensive, insisting that he wants progress on peace — but not at any cost.

In his effort to remind people of a need to press the Palestinians on the issue of terror, Mr. Netanyahu is including as part of his official delegation in Washington two relatives of Israelis killed in terror attacks.

Mr. Arafat, meanwhile, will press his own public relations offensive, meeting with President Jacques Chirac of France, President Hosni Mubarak of Egypt and other dignitaries on stops before Washington.

## NEWS ANALYSIS

peace accords with distaste — even though he has pledged to carry them out — it is nothing new that his political opponents accuse him of dragging his feet on peace or subverting it.

What has changed in recent weeks is his government's standing, and his own hold on power. Neither seems to bode well for the peace prospects, many analysts here say.

The resignation two weeks ago of Foreign Minister David Levy, who was considered a moderate within the rightist cabinet, set the tone for the cabinet moves that followed. The departure of Mr. Levy, who controls five seats in Parliament, left the government with a 61 to 59 majority in the Knesset and significantly more susceptible to hard-line pressure, particularly on the land-for-peace formula at the heart of the Middle East peace process.

Many conservatives in the Jewish state long have been uneasy with the land-for-peace trade-off, by which Israel would return Arab territory it captured in 1967 in exchange for guarantees of peace from the Arabs, seeing it as tantamount to forfeiting security. They say Israel should not withdraw any more troops from the West Bank until the Palestinians make significant progress on a range of security issues, including a crackdown on suspected terrorists operating from the territory.

"It has become land for war, land for bloodshed, land for terror," David Bar-Ilan, a top adviser to Mr. Netanyahu, said in an interview.

Guided by that outlook, Mr. Netanyahu's cabinet staked out its position in a series of actions before his meeting Tuesday with President Bill Clinton.

First, the prime minister declared that even if the government decided to go ahead with any pullback of Israeli troops, it would have to wait, possibly for months, until the Palestinians complied with commitments on security and other matters that Israel contends have not yet been met.

Next, the cabinet published an extensive list of accusations of Palestinian noncompliance, further emphasizing that no withdrawal would occur until the points were addressed. Finally, the cabinet declared large chunks of the West Bank as areas of Israel's "vital interests," suggesting they are nonnegotiable in any discussions of an eventual Palestinian state. Sunday, the cabinet delayed a decision on the land plan.

Moreover, Israeli officials have said Mr. Netanyahu will not present Mr. Clinton with a map of the West Bank indicating from what areas Israeli troops might be withdrawn next. The White House has wanted such a proposal.

The Clinton administration and leftist

## TRAVEL UPDATE

## Shanghai Offers Asians Discounts

SHANGHAI (AFP) — A number of hotels and two airlines based in Shanghai will offer discounts to lure Japanese and South Korean tourists who have been hit by the currency depreciation in Asia, a tourism official said Monday.

An official of the Shanghai Tourism Committee said that China Eastern Airlines and China Airlines International would increase flights to Europe and the United States to make up for a decline in passengers in Southeast Asia, while the government would relax its policies to attract more business travelers.

The number of tourists visiting Shanghai rose 15 percent to a record 1.6 million last year, compared to annual increases of about 5 percent in the last few years. The increase was attributed to better promotional efforts and a rise in the number of business travelers, who make up 75 percent of all foreign visitors to Shanghai.

## French Railroads Increasing Fares

PARIS (Reuters) — The French state railroad, SNCF, will raise ticket prices by an average 1.2 percent in 1998, the company said in a statement Monday.

The increases will take effect Sunday. The price increase is nearly equal to the inflation rate, which stood at 1.1 percent at the end of December.

A new high-speed train linking central London to Heathrow Airport went into service Monday. Airline passengers will get free travel this week on the Fast Train service, according to the British airport operator BAA PLC. Starting Monday, a one-way ticket for the 30-minute journey from Paddington Station to the west London airport, which involves a bus trip for the last 2 miles (3 kilometers), will cost £5 (\$8). When the full service opens in June, the bus trip will no longer be necessary and a one-way ticket will cost £10 to £12 and take 15 minutes. (AP)

## WEATHER

Forecast for Wednesday through Friday, as provided by AccuWeather.

Europe	Today	Low	High	Tomorrow	Low	High
Algeria	18/25	18/25	18/25	18/25	18/25	18/25
Amsterdam	10/15	10/15	10/15	10/15	10/15	10/15
Ankara	30/35	30/35	30/35	30/35	30/35	30/35
Athens	12/18	12/18	12/18	12/18	12/18	12/18
Bangkok	28/32	28/32	28/32	28/32	28/32	28/32
Berlin	10/15	10/15	10/15	10/15	10/15	10/15
Bombay	28/32	28/32	28/32	28/32	28/32	28/32
Buenos Aires	18/25	18/25	18/25	18/25	18/25	18/25
Calcutta	28/32	28/32	28/32	28/32	28/32	28/32
Chongming	18/25	18/25	18/25	18/25	18/25	18/25
Colombo	28/32	28/32	28/32	28/32	28/32	28/32
Delhi	28/32	28/32	28/32	28/32	28/32	28/32
Hong Kong	28/32	28/32	28/32	28/32	28/32	28/32
Kuala Lumpur	28/32	28/32	28/32	28/32	28/32	28/32
London	10/15	10/15	10/15	10/15	10/15	10/15
Los Angeles	18/25	18/25	18/25	18/25	18/25	18/25
Manila	28/32	28/32	28/32	28/32	28/32	28/32
Moscow	10/15	10/15	10/15	10/15	10/15	10/15
Mumbai	28/32	28/32	28/32	28/32	28/32	28/32
Nairobi	28/32	28/32	28/32	28/32	28/32	28/32
Paris	10/15	10/15	10/15	10/15	10/15	10/15
Rangoon	28/32	28/32	28/32	28/32	28/32	28/32
Seoul	18/25	18/25	18/25	18/25	18/25	18/25
Singapore	28/32	28/32	28/32	28/32	28/32	28/32
Taipei	28/32	28/32	28/32	28/32	28/32	28/32
Tokyo	18/25	18/25	18/25	18/25	18/25	18/25
Yokohama	18/25	18/25	18/25	18/25	18/25	18/25

North America	Today	Low	High	Tomorrow	Low	High
Anchorage	18/25	18/25	18/25	18/25	18/25	18/25
Atlanta	18/25	18/25	18/25	18/25	18/25	18/25
Boston	18/25	18/25	18/25	18/25	18/25	18/25
Chicago	18/25	18/25	18/25	18/25	18/25	18/25
Dallas	18/25	18/25	18/25	18/25	18/25	18/25
Denver	18/25	18/25	18/25	18/25	18/25	18/25
Detroit	18/25	18/25	18/25	18/25	18/25	18/25
Honolulu	28/32	28/32	28/32	28/32	28/32	28/32
Houston	18/25	18/25	18/25	18/25	18/25	18/25
Los Angeles	18/25	18/25	18/25	18/25	18/25	18/25
Madrid	18/25	18/25	18/25	18/25	18/25	18/25

Asia	Today	Low	High	Tomorrow	Low	High
Algeria	18/25	18/25	18/25	18/25	18/25	18/25
Amman	18/25	18/25	18/25	18/25	18/25	18/25
Bangkok	28/32	28/32	28/32	28/32	28/32	28/32
Bombay	28/32	28/32	28/32	28/32	28/32	28/32
Buenos Aires	18/25	18/25	18/25	18/25	18/25	18/25
Calcutta	28/32	28/32	28/32	28/32	28/32	28/32
Chongming	18/25	18/25	18/25	18/25	18/25	18/25
Colombo	28/32	28/32	28/32	28/32	28/32	28/32
Delhi	28/32	28/32	28/32	28/32	28/32	28/32
Hong Kong	28/32	28/32	28/32	28/32	28/32	28/32
Kuala Lumpur	28/32	28/32	28/32	28/32	28/32	28/32
London	10/15	10/15	10/15	10/15	10/15	10/15
Los Angeles	18/25	18/25	18/25	18/25	18/25	18/25
Manila	28/32	28/32	28/32	28/32	28/32	28/32
Moscow	10/15	10/15	10/15	10/15	10/15	10/15
Mumbai	28/32	28/32	28/32	28/32	28/32	28/32
Nairobi	28/32	28/32	28/32	28/32	28/32	28/32
Paris	10/15	10/15	10/15	10/15	10/15	10/15
Rangoon	28/32	28/32	28/32	28/32	28/32	28/32
Seoul	18/25	18/25	18/25	18/25	18/25	18/25
Singapore	28/32	28/32	28/32	28/32	28/32	28/32
Taipei	28/32	28/32	28/32	28/32	28/32	28/32
Tokyo	18/25	18/25	18/25	18/25	18/25	18/25
Yokohama	18/25	18/25	18/25	18/25	18/25	18/25

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THE AMERICAS

# Will Jones Case Finally Dent Clinton's Ratings Armor?

By John F. Harris  
Washington Post Service

WASHINGTON — Once again, Bill Clinton's past has come galloping into the present, and again carrying the same question: What is the link between the president's private life and his public reputation?

Several times a week the humor of late-night talk show hosts hinges on the assumption that Mr. Clinton is a shameless adulterer or a sexual harasser. And yet a recent Gallup poll for CNN and USA Today showed him topping the public's list of men they "most admired."

During the 1996 presidential campaign, a Washington Post poll found a solid majority saying Mr. Clinton does not have "high personal moral and ethical standards," even as he was coasting to re-election. A more recent Post poll showed that 52 percent were uncertain whether they believed Paula Jones's sexual harassment charges — the other half was split between those who believe Ms. Jones and those who think she's lying — but that 78 percent said the allegations had not affected their opinion of Mr. Clinton.

For years, these paradoxes in Mr. Clinton's reputation have given

solace to his political team. And yet, for all their public bravado, some past and present Clinton advisers privately confess that the Jones case has given their fears new urgency: Will Mr. Clinton's celebrated ability to prosper amid sexual and financial controversies someday falter?

The difference now is that the Jones case, as it heads toward trial, promises to put much of his Arkansas past in a forum where it may not be possible for most Americans to ignore.

On matters of sexual ethics, Mr. Clinton has benefited from public ambivalence about the relevance of such questions — and from the artful ambiguity of his answers.

It was six years ago next week that most of the nation got its introduction to the future president and Hillary Rodham Clinton on the CBS show "60 Minutes." Then, like now, the topic was Mr. Clinton's alleged sexual indiscretions. Mr. Clinton said he had "acknowledged causing pain in my marriage." But what exactly did that mean? "I think the American people... know what it means and know the whole range of things it can mean," he said.

George Stephanopoulos, a former senior adviser to Mr. Clinton, thinks

the president's best strategy for his long-term reputation is to go to court, where Mr. Stephanopoulos believes Ms. Jones's harassment allegations will be disproved. But he acknowledged that the risk of the trial is to raise questions about an aspect of Mr. Clinton's past that makes many people uncomfortable.

"The public accepts imperfections in a president," Mr. Stephanopoulos said, "but they don't like to have their noses rubbed in it."

While most Clinton political aides believe a trial, with its possibility of exoneration, is preferable to an out-of-court settlement, some think Mr. Clinton may want to avoid the spectacle of a Little Rock trial. The reason, one said, was the damage a public parade of witnesses alleging infidelity would have on his relationship with his wife. This observer believes the Clintons have strengthened their marriage in his second term.

Ms. Jones's lawyers are now turning their attention to the critical legal debate over how much of Mr. Clinton's personal life can be exposed at trial. Much of the research conducted in the last several months has reached far beyond the facts of Ms. Jones's allegations, as her attorneys have investigated numerous rumors

of dalliances and propositions by the president over the years.

"We think that it would be highly relevant if we were to prove at trial that there were other instances of similar conduct, not only on the part of Mr. Clinton, but the state troopers that guarded him while he was governor," said James Fisher, a Jones attorney.

Some of the president's intimates note his remarkable ability to compartmentalize his life: The policy wonk who genuinely admires his wife resides in one space; the rogue who risks political standing through personal indiscretion occupies another.

One person who has worked closely with Mr. Clinton said he has heard Mr. Clinton discuss his reputation as a womanizer as though it were pure and malicious fiction, even as the president steered clear of the specific rumors and allegations that have left some of the people on his own staff with doubts.

In some ways, the public has similarly compartmentalized the allegations about Mr. Clinton. They are fair game for David Letterman, who this month had audiences chortling salsiciously with a Top 10 list of Clinton New Year's resolutions: "Limit extramarital affairs to wom-

en named Connie." Mr. Stephanopoulos said people can hear such jokes and still admire Mr. Clinton because "people basically accept his definition of character: Are you doing your best? Are you fighting for me?"

Larry Sabato, a University of Virginia political scientist who studied the politics of personal scandal in his book "Feeding Frenzy," said the public had a somewhat similar relationship with Ronald Reagan. Especially in the waning years of his presidency, many people assumed that he was inattentive and ill-informed about critical issues but chose not to dwell on the implications of this. "You avert your gaze and change the subject," Mr. Sabato said, especially when the overall direction of the country is good.

Even so, he believes the allegations have hindered Mr. Clinton, who did not command a majority in his two presidential election victories, in part, because of lingering doubts about his character. And at a time when Mr. Clinton regularly stresses issues of personal responsibility and family values before audiences from students to corporate executives, some aides worry the Jones case mocks that message.

## POLITICAL NOTES

### Senator Balks at Medicare Plan

WASHINGTON — Entering into the election year debate over Medicare, the majority leader of the Senate has come out against President Bill Clinton's proposal to allow hundreds of thousands of early retirees, laid-off workers and uninsured Americans who are nearing retirement age to buy into the federal health insurance program for the elderly.

Senator Trent Lott, Republican of Mississippi, said Sunday that he opposed adding more people to the Medicare program before a bipartisan panel had had time to study how to keep the Medicare program solvent when the baby boom generation retires and starts seeking benefits.

The 17-member commission, which is being headed by Senator John Breaux, Democrat of Louisiana, is scheduled to report by March 1, 1999.

"Let's let them look at the program, make some recommendations before we start adding more people to the system," Mr. Lott said.

Mr. Lott's remarks on CNN, a week before Congress returns to session, were another sign that health care issues will be hard fought as both parties maneuver for advantage in advance of the midterm elections of 1998.

Mr. Clinton unveiled his Medicare proposal this month to help the age group known as the "near elderly" in one of a series of policy announcements previewing his State of the Union address and the issues that Democrats hope to use to take back control of the House. (NYT)

### From Legislator to Governor?

BROOKHAVEN, Mississippi — Representative Mike Parker will not seek a sixth term in Congress, although his life in politics may not be over.

Mr. Parker, 48, a Republican who switched from the Democratic Party in 1996, is being mentioned as a possible Mississippi gubernatorial candidate in 1999.

But Mr. Parker denied he was stepping down to position himself for the governor's race. "I just plan to be a private citizen again, spend time with my family and operate my business interests," Mr. Parker, a funeral home owner, said Saturday.

Governor Kirk Fordice, a Republican, is prohibited from serving a third consecutive four-year term. (AP)

### Away From Politics

- Avalanches killed five snowmobilers in the West over the weekend, including a stuck snowmobiler and two others in Montana who were trying to free him just north of Yellowstone National Park. (AP)
- Three Florida farmworkers ended a four-week hunger strike after former President Jimmy Carter offered to intervene in their dispute with tomato growers. (AP)
- Most of those seeking permission for an on-off switch for an auto air bag are drivers who say they sit too close to the steering wheel hub, government records show. (AP)

## 5 Americans Raped On Guatemala Tour

Washington Post Service

WASHINGTON — Five students from St. Mary's College of Maryland were raped in an isolated area of Guatemala when four or more gunmen stopped their bus, held all passengers at gunpoint for more than an hour and robbed them, according to school officials.

The students, part of a 16-member group from the college, were attacked Friday near Santa Lucia Cotzumalguapa, a center of Indian art and culture near the Pacific coast, as they were returning to Guatemala City by bus.

The five students who were raped were treated at a hospital in the city, although none required medical attention for additional injuries, college officials said.

One of the alleged gunmen was taken into custody by Guatemalan authorities and was later identified by three members of the St. Mary's delegation, college officials said.

A U.S. spokesman in Guatemala said Sunday night that senior Guatemalan officials had told the American Embassy that a second suspect had been arrested.



MARCH FOR JUSTICE — Hundreds of Indians and supporters of the Zapatista National Liberation Army marching to army headquarters in Ocosingo, Mexico, to press for the demilitarization of the state of Chiapas.

## Three Senators Elected in 'Year of the Woman' Now Struggle to Hold On to Seats

By Pam Belluck  
New York Times Service

CHICAGO — The opulent banquet room in the Chicago Hilton and Towers was brimming with Democrats, their \$500 gate fees entitling them to an open bar, a roster of spunky speeches and the chance to help fatten the re-election campaign coffers of Senator Carol Moseley-Braun.

Sharing the stage with Vice President Al Gore and Senator Richard Durbin, among others, Ms. Moseley-Braun addressed the crowd.

"There's just no question in my mind but that I could not do this without you," she told them, smiling gratefully. "I couldn't continue to put up with the battles and the fights and the troubles and the trials and the raising the money and all the rest of it that I know everybody in this room knows about."

The "troubles and the trials" were taken by many at the fund-raiser last week to be an oblique reference to a string of episodes that have stung the senator in her time in office, raising questions about her judgment on issues including campaign finances, her choice of staff and a secretive trip to Nigeria to meet that country's dictator.

As Ms. Moseley-Braun battles for re-election this year, things are quite different from the way they were in her blockbuster senatorial campaign in 1992. Then, the Democrat sprang from the obscurity of the Recorder of Deeds office in Cook County, marshaled the anger of female voters in both parties over the male monopoly in Congress, unseated a veteran Democrat and cruised to victory over a Republican rival to become the first African-American woman elected to the U.S. Senate.

Her stunning success, along with that of other female candidates, gave 1992 the label Year of the Woman. Now, many view Ms. Moseley-Braun as one of the most vulnerable senators, unlikely to maintain the support of the white suburban women who helped elect her last time. Analysts say she will have to work to shore up her base of support by showing her effectiveness as a senator. The challenge for her, experts say, is to dispel the negative images of her first years.

But she is not the only woman facing a tough re-election fight. Two other senators who were elected in 1992, Barbara Boxer of California and Patty Murray of Washington, are also believed to be in for a battle, a surprising turn in a year when a strong economy and relative social and

political calm are expected to make re-election easy for most incumbents.

"All three of them are considered vulnerable," said Susan Carroll, senior research associate for the Center for the American Woman and Politics at Rutgers University. "Carol Moseley-Braun has got all these ethical questions. Murray has got performance questions. Boxer, they will paint her as a liberal, that's probably the rap against her. And they all come from states that can go either way."

In addition, two of the three Democrats, Ms. Moseley-Braun and Ms. Murray, are being challenged by Republican women.

Ms. Murray's only opponent so far is Linda Smith, a U.S. representative known for aggressive campaigning and conservative views. In Illinois, one of the two Republicans vying for Ms. Moseley-Braun's seat is Loretta Didrickson, the state comptroller, who has the backing of many Republican leaders, including Jim Edgar, the popular governor.

The shape of these races, political experts say, tells a lot about the status of women in politics these days, a picture that is much more complicated than it was six years ago, when women flowed into elected office in record numbers, picking up 19 House seats and four Senate seats.

Several things have changed.

"In 1992," said Celinda Lake, a Democratic pollster, "gender was an issue, and it clearly worked to women's advantage. They represented change, they represented the people that the Senate Judiciary Committee talked down to" when Anita Hill testified at the Supreme Court confirmation hearings of Clarence Thomas in 1991. "Those kind of macro-forces don't exist this year," she said.

At the same time, the pool of seasoned female politicians has deepened in recent years as more women are encouraged to try to make the jump from state legislatures to national office. The candidates are tougher, the contests more strategically sophisticated.

"A lot of these women come from elected positions or appointed positions in the state," Ms. Ferguson said. "That is the farm team. They know the ropes."

More women are running against women, especially since the Republican Party is recruiting candidates in hopes of closing the gender gap that exists between it and the Democrats.

In Michigan, for example, Republican women are running for 3 of the 10 seats held by Democrats, and one of the women, Susan Grimes Munsell, a former state representative, is trying to unseat a female incumbent, Debbie Stabenow.

## Clinton Sets Strong Civil Rights Agenda

By Jonathan Peterson  
Los Angeles Times Service

WASHINGTON — Seizing on the symbolism of Martin Luther King Day, the White House announced Monday a broad initiative to make enforcement of U.S. civil rights laws "more powerful than it has ever been," a senior administration official said.

The stepped-up effort will combine a spending increase of about 17 percent with a sharper focus on preventing abuses and new efforts to settle disputes through mediation rather than trials.

The new resources, if approved by Congress, would strengthen enforcement of fair-housing laws and allow the Justice Department to expand enforcement of the Americans With Disabilities Act and investigations of police brutality and misconduct.

To slash the backlog of discrimination cases at the Equal Employment Opportunity Commission, the agency would place far greater emphasis on the use of mediators to settle disputes, reducing costly and time-consuming legal struggles.

Vice President Al Gore announced the outlines of the plan Monday in a speech at the Ebenezer Baptist Church in Atlanta.

The White House plan

would raise civil rights financing from \$516 million to \$602 million, in a 1999 budget that restricts most domestic programs to an average gain of only 1 percent. The full details of the initiative will be included in the 1999 budget proposal that Mr. Clinton will submit to Congress in early February.

"This initiative does increase resources for civil rights enforcement," a senior administration official said. "But, as importantly, it tries to target those resources in ways that will make civil rights enforcement more effective and more efficient."

While Mr. Clinton has sought to put a spotlight on race-related issues and spark a national dialogue on the subject, his efforts have been targeted by critics on the left and on the right.

Critics within the civil rights community have not been satisfied with the Clinton administration's pace of civil rights enforcement during much of his term.

On the right, Mr. Clinton's critics have assailed his choice of Bill Lann Lee as acting head of the Justice Department's civil rights division. Mr. Lee's civil rights division. Mr. Lee's advocacy of affirmative action so dismayed Republicans on the Senate Judiciary Committee that they refused to confirm Mr. Lee as the division's permanent head.

On top of all that, the Equal Employment Opportunity Commission — an independent agency that enforces an array of employment-discrimination laws — has prompted complaints from employers that have been the subject of investigations. The five-member commission has two vacancies, including the chairman, and a backlog of 64,000 cases.

Under Mr. Clinton's forthcoming budget request, the civil rights division of the Justice Department would receive an increase of 11 percent, to \$72 million, according to the White House. An undisclosed share of that would go toward investigating problems of police brutality and misconduct, a major grievance of minority groups.

The White House also proposes a 70 percent increase, to \$52 million, for the Housing and Urban Development Department's fair-housing activities. That would support a plan to monitor housing discrimination in neighborhoods of 20 metropolitan areas, and publicize the findings.

Architects of the initiative say that spending increases reflect only part of the strategy. More broadly, the goal is to improve on past bureaucratic efforts through new approaches, including a focus on preventing discrimination in the first place.

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## ASIA/PACIFIC

# Indonesian Protesters Back Opposition Leader

## Parliament Urged to Oppose 7th Suharto Term

**JAKARTA** — About 200 supporters of the opposition leader Megawati Sukarnoputri staged a peaceful protest outside Parliament on Monday.

The demonstrators, some wearing T-shirts that read "Mega for president," urged legislators to oppose the nomination of President Suharto for a seventh consecutive five-year term when a special 1,000-member assembly elects a president and vice-president in March.

Police looked on as many chanted, "Suharto step down."

"We are here to support Megawati," said Sandra Petrasari, an organizer of the protest. "We have to broaden the space for democratization."

Several pro-Megawati demonstrations have been held since she put herself forward as a presidential candidate on Jan. 10.

Mrs. Megawati is the daughter of Sukarno, Indonesia's founding president, who was replaced by Mr. Suharto in 1966.

Most analysts say her candidacy has almost no chance under Indonesia's tightly controlled political system, despite the country's deep economic crisis.

Also Monday, in Surabaya, the capital of East Java, about 150 members of the official Roman Catholic students' organization were stopped from protesting at the governor's office by dozens of soldiers and policemen, who blocked the demonstrators from leaving their headquarters.

A witness said the protesters unfurled banners at their headquarters, blaming the financial crisis on corruption and nepotism in the Suharto government.

The military has vowed to battle unrest stemming from the economic crisis. A reporter contacted by The Associated Press said the security apparatus in Surabaya and some other districts in the province had been put on "full alert."

Faced with a collapse in the value of the nation's currency, the rupiah, Mr. Suharto last week agreed to tough economic reforms under an International Monetary Fund rescue package designed to restore investor confidence.

Mr. Suharto, 76, recently brushed aside rumors of ill-health. He appears to be on course to be re-elected by the assembly, which is dominated by the Golkar party, the military and government appointees, including members and associates of Mr. Suharto's family.



Demonstrators carrying portraits Monday of Megawati Sukarnoputri at the Parliament building in Jakarta.

# Taipei Chief Holds Talks In Jakarta

## Siew Declares His Visit Economic, Not Political

Compiled by Our Staff From Reuters

**TAIPEI** — The prime minister of Taiwan flew to Jakarta on Monday for talks with Indonesian leaders, ignoring accusations from Beijing that Taipei was using the region's economic difficulties to promote separatism from the mainland.

Vincent Siew, the Taiwanese leader, said during a stopover in Singapore that his tour of Southeast Asia was out of economic concern and not for political reasons.

Mr. Siew did not talk to reporters in Jakarta. An official of the Indonesian government said Mr. Siew was on a private visit. He said a meeting with President Suharto was a possibility, but declined to say when or where a meeting might occur. Indonesia has diplomatic links with Beijing, not Taipei.

The trip is Mr. Siew's second in two weeks to a Southeast Asian nation, representing a victory over intense pressure on those countries from China. Beijing considers Taiwan a breakaway province with no right to international relations.

Out of fear of a Chinese backlash, many Southeast Asian countries rarely allow senior Taiwanese officials to visit.

Last week, a Chinese Foreign Ministry spokesman, Shen Guofang, warned Southeast Asian governments to be on "high alert" against what he said would be Taipei's efforts to use the region's crisis to promote Taiwanese separatism.

But the economic crisis has forced some Asian countries to look abroad for help. Taiwan, with \$83 billion in foreign currency reserves and little foreign debt, has remained relatively unscathed by the economic turbulence.

Indonesia, Thailand and South Korea have already accepted rescue packages from the International Monetary Fund.

Mr. Siew visited Manila on Jan. 12, and reportedly met briefly with President Fidel Ramos. A Philippine official at first confirmed the meeting, then denied it after a formal protest from the Chinese ambassador.

Mr. Siew's visits follow offers of economic aid from Taiwan to countries in Southeast Asia whose currencies and markets have plunged.

Mr. Shen, the Chinese Foreign Ministry spokesman, said last week that Beijing opposed official Taiwanese participation in regional economic deliberations, but was not opposed to Taiwan helping through nongovernment channels. He said Beijing had expressed this position to its Southeast Asian neighbors. (AP, AP, Reuters)

# Senator Finds 'a Few Specks of Light' in U.S.-North Korea Ties

Compiled by Our Staff From Dispatches

**SEOUL** — Senator Carl Levin said Monday that he had found a "few specks of light" in the relationship between the United States and North Korea, but that the overall relationship remained "pretty gloomy."

The Michigan Democrat, after a three-day visit to North Korea, said that a top army commander had acknowledged, perhaps for the first time, that problems between Washington and Pyongyang

"are the fault of both of us."

That contrasted sharply with what he described as Major General Li Chan Bok's belligerent remarks to Sam Nunn, the former Georgia senator, and James Laney, a former U.S. ambassador to South Korea, when they visited North Korea late last year, Mr. Levin said.

He also said he was assured by representatives of the World Food Program, the UN Children's Fund, the International Red Cross and the UN

Development Program that food and other aid was reaching intended recipients, not being diverted to the army.

Together, the general's comment and the aid assurances represented "a few specks of light in a pretty gloomy sky," Mr. Levin said. But he said he had detected no sign of progress toward the establishment by North Korea and the United States of diplomatic liaison offices in each others' capitals. The two nations agreed to do that in 1994.

Mr. Levin said he delivered an offer from the South Korean president-elect, Kim Dae Jung, for inter-Korean dialogue during a meeting with the North Korean deputy foreign minister, Kim Gye Gwan.

"The response was very cautious," said Mr. Levin, adding that Pyongyang had a "wait-and-see" attitude toward any improvement in North-South ties. President-elect Kim also told Mr. Levin on Monday that South Korea

would be patient and not force the issue of South-North dialogue.

The senator said North Korea still viewed talks to which it has agreed with South Korea, China and the United States "as a ruse" to draw it into one-on-one talks with South Korea.

Mr. Levin, ranking minority member of the Senate Armed Services Committee, said he saw widespread evidence of malnutrition in North Korea, but not of actual starvation. (AP, AFP)

# CHINA: Big Military Secret, Air Defense Center in Beijing, Is Shown to Pentagon Visitors in a Sign of Harmony

Continued from Page 1

from the 1960s. Despite their "inevitable nervousness," the American official said, the Chinese tried to answer a battery of questions.

"We were very impressed, it was very significant," the official said. "The Chinese are starting to demonstrate this openness and transparency."

One of the murkiest areas of China's military is its sales of weapons of mass destruction.

Last week, Mr. Clinton certified that China had stopped selling nuclear weapons-related material. Such sales had bedeviled U.S.-China relations for years. U.S. officials say they are still concerned that China is exporting conventional missiles.

Mr. Cohen departed from the text of his speech to the military academy to

note his pleasure that Defense Minister Chi Haotian had reiterated assurances that China had halted missile sales to Iran.

That pledge was made just before the Washington summit meeting, but Mr. Cohen said Saturday in Beijing that he would follow up on the promise. U.S. officials said there had been some confusion about whether China would fulfill existing missile sales contracts to Iran, or cancel them, too.

"I must say I was very pleased to have such assurances reaffirmed by General Chi today," Mr. Cohen said.

He warned that any disruption of the flow of oil from the Gulf would damage both the U.S. and Chinese economy.

"And should that disruption occur through the use of weapons technology provided by China it clearly would also have a damaging effect on China's relations with many countries around the

world, including the United States," he said.

Mr. Cohen also tried Monday to calm Chinese concerns that Washington's strengthened defense ties with Japan, Australia and recently the Philippines and Singapore were designed to contain China.

"Today, China is an Asian power and rightfully so," Mr. Cohen said during a speech to the Academy of Military Science. "The United States does not fear this, nor do we view China as an adversary."

Defense Minister Chi responded that the United States should also not fear China's push to become a regional power.

"It is groundless to describe the modernization drive of China's army, which is for the sake of the country's economic construction and of a defensive nature, as an unstable factor in the region," he

told Mr. Cohen. U.S. officials noted that China has begun to share some intelligence about events in North Korea, where a food shortage and an unpredictable Communist government have combined to raise fears for the stability of the Korean Peninsula.

China has stopped calling for the United States to withdraw its troops from Asia and has chosen instead to ignore the issue for the time being. Chinese officials have also begun to share their strategic assessments of Asian developments with their U.S. counterparts.

Military contacts between the two sides, almost nonexistent in 1996, have ballooned to about a delegation a week in each direction, U.S. officials said. On Monday, Fu Quanyou, the chief of the general staff of the army, invited General Henry Shelton, chairman of the Joint Chiefs of Staff, to China this year.

Still, the United States appears more eager than China for the relationship to improve. In recent months, American military officials have suggested a series of events that the Chinese have either watered down or stonewalled.

## BRIEFLY

### Cambodian Battle Reported

**PHNOM PENH** — Cambodian government forces launched an artillery and infantry assault Monday on territory held by the opposition.

Troops loyal to Hun Sen shelled forces loyal to his deposed co-prime minister, Prince Norodom Ranariddh, near the border town of O'Smach, opposition and government military officials said. The bombardment was followed by tank and infantry attacks, they said.

Government forces have been battling opposition troops in several remote parts of the country since shortly after the prince was ousted in July. (Reuters)

### Poll Favors Indian Nationalists

**NEW DELHI** — A swing in favor of India's right-wing nationalist Bharatiya Janata Party and its allies will give them the most seats in Parliament, but not enough to govern

alone, according to an opinion poll published Monday.

The survey, by New Delhi's independent Center for Media Studies, was the latest in a series that have predicted major gains for the Bharatiya Janata Party and its partners in the general election scheduled to begin Feb. 16. The polls also have predicted that a coalition government will have to be formed. A party needs a simple majority to govern alone. (AP)

### UN Envoy Is Due in Rangoon

**RANGOON** — A United Nations special envoy is due in Burma on Tuesday for talks with leaders of the ruling military junta and with the opposition leader, Daw Aung San Suu Kyi. UN sources said here Monday.

Alvaro De Soto, assistant UN secretary-general, will urge the ruling State Peace and Development Council to speed the drafting of Burma's new constitution and the holding of free and fair elections in the country, the sources added. (Reuters)

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EUROPE

# Sinn Fein Chief Meets Blair and Derides U.K.-Irish Proposal

By Warren Hoge  
New York Times Service

LONDON — Gerry Adams and a delegation from Sinn Fein, the political arm of the Irish Republican Army, voiced strong objections to a new British-Irish negotiating blueprint in a "frank" meeting with Prime Minister Tony Blair on Monday but said they remained committed to participation in the current peace talks in Belfast.

They also said they would not be driven from the negotiations by the actions of renegade sectarian groups who have killed six people since Christmas and have threatened more bloodshed to drive home their objections to the talks and cease-fires being observed by the major paramilitary groups.

The number of deaths rose to six Monday morning with the fatal shooting of a man with links to one of the Protestant parties as he worked behind the counter of his carpet shop in the Belfast suburb of Durnmurry.

Jim Guiney was gunned down at point-blank range by two men, one dressed in a wig, who then ran out the back of the store and across railroad tracks to a waiting getaway car. The Irish National Liberation Army, a breakaway Catholic group that objects to the Irish Republican Army cease-fire, claimed responsibility for the killing.

It was the murder of Billy Wright, 37, a notorious Protestant terrorist, by members of the same group on Dec. 27 that set off the current wave of retaliatory violence. Mr. Wright's group, the breakaway Loyalist Volunteer Force, has avenged its leader's murder by killing four Catholics, the most recent on Sunday. Fergal McCusker, 28, a building worker from the County Londonderry town of Maghera, was shot and killed outside a Catholic church as he returned home from a pub. In the call claiming responsibility, a member of the group said, "This is not the last."

The meeting Monday, the second time in six weeks that Sinn Fein has been to No. 10 Downing Street after an absence of 70 years, focused on the party's anxiety over a document submitted to the talks a week ago by the British and Irish governments in an effort to give the halting talks what they called a "jump start." The tentative deadline for an agreement is May.

The proposal, classed as a framework for negotiating rather than a concrete settlement, suggested the creation of three legislative or consultative bodies to meet the political needs of Catholic and Protestant interests and put an end to a conflict that has now claimed more than 3,200 lives since 1969.

One would be a new legislature for

Northern Ireland, similar to the ones being set up in Scotland and Wales. The second would be a cross-border forum deepening the relationship between Northern Ireland and the Republic of Ireland. The third would be a ministerial body linking the three new assemblies. The document was an effort to square the "North-South" desires of Catholic republicans, who favor close ties with Dublin, with the "East-West" wishes of the Protestant unionists, who want to remain as much a part of Britain as Scotland and Wales are.

David Trimble, head of the Ulster Unionists, the largest Protestant party, expressed satisfaction with the proposal, but Sinn Fein said it caused concern in its community because it appeared to make

partition of the island more permanent and reminded Catholics too much of the last Northern Ireland legislature, which was dominated by Protestants.

On emerging from the prime minister's official residence Monday, Mr. Adams said, "Anyone who thinks an internal settlement is going to work, or some assembly with a few nationalist knobs stuck on to it is going to work is not living the real world."

Sinn Fein's general secretary, Lucille Bhreathnach, said the conversation with Mr. Blair and the secretary for Northern Ireland, Mo Mowlam, had been "frank."

A spokesman for Mr. Blair said Sinn Fein had been "reasonable and constructive" in presenting their diffi-

culties in a "positive" way.

The spokesman said that Mr. Blair had urged Sinn Fein to view the government document as one providing parameters for discussion and to press their objections to it within the framework of the talks. He said the way Mr. Adams and his colleagues presented their case left no doubt that "Sinn Fein are engaged in this process fully" and that there would be more meetings.

Standing before the door with the silver No. 10 on it, Mr. Adams said, "We understand and we have said many times that the task of getting the British government to face up to its historic responsibilities is a very daunting challenge. Perhaps none of this can be settled out in one meeting."

## Renegade Groups: A Deadly Third Force in Ulster

By James F. Clarity  
New York Times Service

DUBLIN — Several renegade groups in Northern Ireland have the capacity, and apparently the intention, to wreak mayhem in the coming weeks with shootings and bombings, according to British security and intelligence officials.

The purpose of any attacks, they say, would be to subvert the negotiations aimed at ending warfare between the Protestant majority and Roman Catholic minority that has killed 3,234 people in the British province of Northern Ireland since 1969.

What the officials said in interviews confirms the widespread fear of politicians and ordinary people: that splinter paramilitary organizations like the Irish National Liberation Army, a Catholic group, and the Loyalist Volunteer Force, the Protestant group that asserts it is behind the latest killing, will continue the retaliatory strikes that resumed last month and have left six people dead.

[Gunmen from the Irish National Liberation Army killed a Protestant shopkeeper Monday in apparent retaliation for the slayings of four Catholics in the last three weeks. The Associated Press reported from Belfast. The group, which precipitated the current round of violence by killing the jailed leader of a renegade Protestant gang, claimed responsibility in a coded call to the BBC in Belfast.]

The officials and other experts familiar with the operations of the guerrilla groups provided detailed descriptions of how the groups operate. They conclude that the police can prevent some attacks through intelligence work, but that the splinter guerrillas are still capable of quick, deadly shootings or bombings that could destabilize Northern politics. Protestant and Catholic negotiators at the peace talks, they say, could feel compelled to stop negotiating and to attack each other, with invective but not indisputable evidence, as allies of sectarian killers.

The renegade groups do not recog-

nize the cease-fire being maintained by the overwhelmingly Catholic Irish Republican Army and the main Protestant paramilitary groups: the Ulster Defense Association, its affiliate the Ulster Freedom Fighters, and the Ulster Volunteer Force. All those groups are represented by political leaders at the peace talks.

Since the peace effort began in 1993, Catholic groups have killed 81 people, Protestants 110. But since peace talks began 19 months ago, most of the killing has been done by splinter groups.

"There is a very real threat," said Chief Constable Ronnie Flanagan, the top police official of Northern Ireland, where most Protestants want to remain British and most Catholics want a united Ireland, free of British control. "Part of their motivation," he said, speaking before the most recent killing, "is to wreck the ongoing peace process."

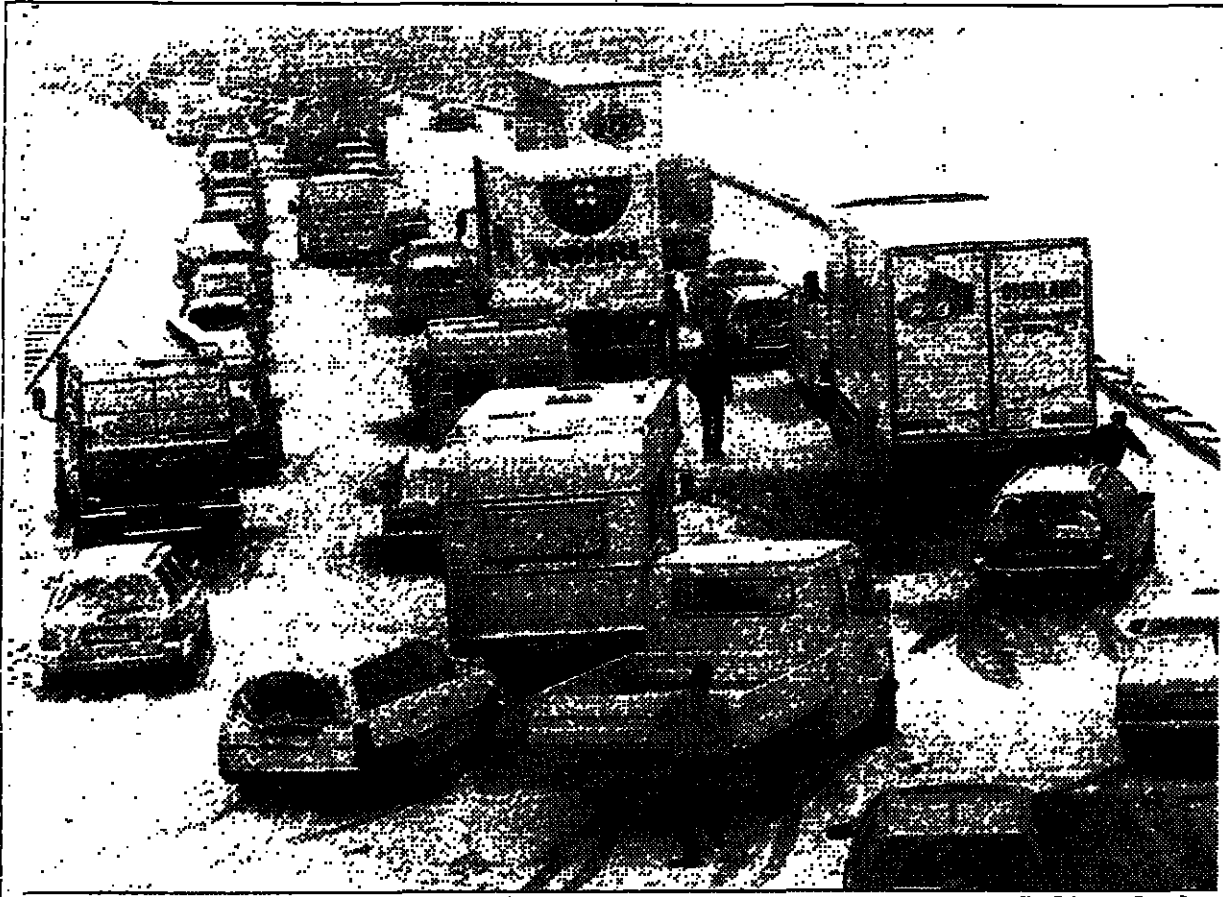
Another part would be the settlement of internal disputes among terrorists and their supporters. According to Mr. Flanagan and other officials, the groups

most likely to attack are the Loyalist Volunteer Force and the Irish National Liberation Army, a Catholic group. Their techniques are said to be similar.

As neither has a complicated command structure, the officials say, a typical scenario might be two or three Protestant guerrillas sitting in a pub, drinking and discussing politics. "Let's kill a Catholic," one might say.

They get automatic rifles or pistols out of hiding places, steal a car, drive to where they know they will find Catholics, probably at a pub or social club, and shoot. They speed away to a Protestant area where they burn the car and slip into a safe house, which could be one of their own homes, run their clothes through the washing machine to remove gunpowder residue and other forensic evidence, sit with their families and watch an English soccer game on television, all in the unlikely event that the police arrive to question them.

The police say such operations are virtually impossible to prevent or trace.



FREEZE-UP ON THE AUTOBAHN — Skidding vehicles trying to crawl uphill on a stretch of Bavarian highway near Pegnitz during rush hour Monday, as snowy weather swept over most of Germany.

## Historian Fails to Bolster Papon

The Associated Press

BORDEAUX, France — In much-awaited testimony Monday, a historian expected to provide evidence bolstering the defense of the accused Nazi collaborator Maurice Papon hardly mentioned the defendant's name.

Instead, the historian, Michel Berges, argued mainly that the World War II period was fraught with uncertainty.

Mr. Berges had been expected to provide the Bordeaux court with names of Jews that Mr. Papon, a former cabinet minister, said he had saved from deportation to Nazi death camps.

Mr. Papon, 87, is the highest-ranking

official of the pro-Nazi Vichy regime to stand trial for crimes against humanity.

He is charged with signing the arrest orders that led to the deportation of 1,690 Jews, including 233 children, from the Gironde region during World War II.

Mr. Berges' testimony had been awaited because he helped bring Mr. Papon to trial, but was now appearing as a witness for the defense.

The defense was counting on Mr. Berges, 45, to back Mr. Papon's claim that he had tried to sabotage Nazi orders to arrest and deport Jews from the Gironde region, including Bordeaux, and that he had intervened to save Jews.

### BRIEFLY

#### Havel's Re-election Expected Tuesday

PRAGUE — President Vaclav Havel, the former dissident turned statesman, is set for re-election Tuesday in a parliamentary ballot he hopes will help keep his country on track to join the European mainstream.

But Mr. Havel's expected success is clouded by both political and economic turmoil in his homeland, and by his ailing health eight years after he helped topple the Communist regime. He is 61.

Mr. Havel is expected to be elected virtually unopposed in the vote in the two houses of Parliament. Two marginal candidates are running against him: a far-right leader, Miroslav Sladek, currently in jail charged with inciting racial hatred, and Stanislav Fischer, a 62-year-old astrophysicist supported by Communists. (AFP)

#### Turkish Islamist Lobbies Politicians

ANKARA — The Islamist leader Necmettin Erbakan began a series of meetings Monday with political leaders in an attempt to soften the blow of a court ban against him and his opposition Welfare Party.

Mr. Erbakan went into talks in Parliament with Bulent Ecevit, a staunch secularist in Prime Minister Mesut Yilmaz's coalition. Later, he was to see Husamettin Cindoruk, a conservative.

The constitutional court on Friday disbanded Welfare for threatening Turkey's secular principles. It also threw Mr. Erbakan out of Parliament and forbade him from playing a leading role in politics for five years. (Reuters)

#### Hague Trial Starts For Croatian Serb

THE HAGUE — A Croatian Serb community leader charged with helping to organize and carry out a 1991 massacre went on trial Monday for war crimes and crimes against humanity.

Prosecutors at the Yugoslav war crimes tribunal say Slavko Dokmanovic, 48, played an instrumental role in the beatings and killings in the Croatian town of Vukovar. (AP)

## Yeltsin Returns to a Shift in Power

By Daniel Williams  
Washington Post Service

MOSCOW — President Boris Yeltsin returned to the Kremlin on Monday for the first time in more than a month to preside over a government in which the balance of power has shifted to the conservative Prime Minister Viktor Chernomyrdin and away from younger market reformers.

Mr. Yeltsin started his first day at work by scolding top officials for failing to pay back wages to tens of thousands of government employees by a Jan. 1 deadline. "Last year was a failure as far as our obligations were concerned," he said during a televised meeting.

Mr. Chernomyrdin argued that the wages had indeed been paid on time, despite numerous reports to the contrary. "We gave everything to everybody," he said, adding that, "We accomplished what was mentioned in our obligations."

"That is not so," Mr. Yeltsin responded tartly.

In the past, such lapses have cost cabinet members jobs, but there was no sign yet that Mr. Yeltsin intended to dismiss the ministers responsible. Anatoli Chubais, a first deputy prime minister, is particularly vulnerable because he was directly responsible for making payments on time.

Mr. Yeltsin's return eased, for the moment, uncertainty about his state of

health. He fell ill in December, dropped from sight, canceled meetings, and only returned to public view in brief, staged video appearances. All the while, his aides insisted nothing was seriously wrong with him.

No one seems to believe them, and newspapers are speculating about the start of a post-Yeltsin era and the jockeying for position before presidential elections scheduled for 2000. Mr. Yeltsin has made comebacks before — in the first half of 1997, he returned in robust form after recovering from major heart surgery. Yet, political betting seems to be against another revival.

"The general feeling is that Yeltsin is in decline, so the maneuvering to pick up authority is intense," said Eugenia Albats, a journalist and political observer.

So far, Mr. Chernomyrdin appears to be leading the sweepstakes. In a redistribution of cabinet powers he announced last week, Mr. Chernomyrdin was the main beneficiary.

He declared himself the final word on major economic matters, including energy, monetary and credit policy and banking. He also granted himself powers to oversee Russia's so-called "power" ministries: the army, police and intelligence.

Mr. Chernomyrdin's harvest prompted newspaper commentators to describe him as a regent for an ailing Mr. Yeltsin. "The strengthening of Prime Minister Chernomyrdin is no doubt un-

precedented," Izvestia wrote. "The head of government is turning into a figure that is almost as great as the president," it said, adding, "and with the president's consent."

"With his new powers, Chernomyrdin now looks more like a vice president," Nezavisimaya Gazeta said.

Many Russian commentators regard Mr. Chernomyrdin as a possible successor to Mr. Yeltsin. By law, should Mr. Yeltsin become incapacitated, Mr. Chernomyrdin would head a caretaker government for three months before new elections. That would give him incumbency advantages in the race for president.

Nezavisimaya Gazeta went so far as to say that with Mr. Chernomyrdin's powers, "the problem of an official successor to Boris Yeltsin may be considered settled."

In the cabinet, Mr. Chernomyrdin was rivaled by the reformist team of Mr. Chubais and Boris Nemtsov. Mr. Chernomyrdin favors the unfettered business practices of the country's large monopolies, especially the oil and gas giant Gazprom. Mr. Chubais and Mr. Nemtsov had campaigned for a breakup of monopolies and for putting legal reins on big business.

Until the shake-up, Mr. Yeltsin's governing strategy had been to keep the rivals in rough balance. Now, the balance is in Mr. Chernomyrdin's favor, Russian observers say.

## Paris Court Sentences Islamic Militants

Reuters

PARIS — Twenty-two members of an Islamic guerrilla network were sentenced by a French court Monday to prison terms ranging from four months to six years.

Seven other people were acquitted, despite pleas from the prosecution that they too be jailed.

Prosecutors charged that the accused, most of whom are Tunisians and Algerians, belonged to a group formed by the Tunisian Islamic Front, but were connected to the Armed Islamic Group

of Algeria, which is suspected of carrying out that country's massacres.

The French group was rounded up after a routine police check in July 1994 found that four of its members in Perpignan, near the border with Spain, possessed rifles, pistols, ammunition and military uniforms.

A series of arrests followed in France and Germany. Bonn subsequently extradited the group's presumed leader, Abderrazak Arroum, a Tunisian veteran of the Afghan war, to Paris. He was

sentenced to the heaviest prison term: six years.

Charges against the defendants ranged from membership in an illegal organization to possession of military weapons and immigration offenses, but they were not charged with any acts of violence.

Despite the sentences, many of the accused were released at the end of the court hearing because they had already served their sentences in pretrial detention.

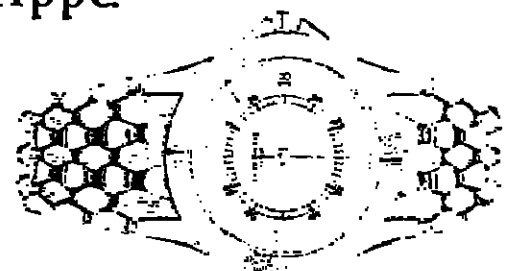


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## INTERNATIONAL

## West Seeks Lasting Curbs on Iraq

By Joseph Fitchett  
International Herald Tribune

PARIS — By insisting that UN inspectors complete their work in Iraq, the United States and other countries are seeking not only to neutralize the Iraqi military threat, but also to fit Baghdad into an international arms control system against the spread of weapons of mass destruction.

The goal would be to create permanent obstacles to prevent President Saddam Hussein or his successors from resuming Iraq's efforts to acquire missiles with nuclear, biological or chemical warheads after sanctions were lifted. More broadly, the long-term surveillance would test whether such systems are effective against other rogue governments with ambitions to acquire such weapons.

"It may be the only test case we get to show that prevention works," said a U.S. official helping to devise nonproliferation policy. If Iraq's arsenal can be successfully inspected and then subjected to long-term monitoring, the precedent will bolster confidence in a set of recent treaties curbing or banning nuclear, chemical and biological arms, he said.

Few people are more conscious of these wider implications than Richard Butler, the Australian diplomat who heads the UN inspection team and who is

now in Baghdad. During a stopover in Paris on his way there, he provided an unusually detailed explanation of how the inspections in Iraq could evolve into a program of long-term surveillance that would allow Iraq, even with a suspect regime, to operate as a normal country.

The starting point, he said in an interview, is a clear baseline showing what progress Iraq secretly made in the past in its weapons programs. That provides an initial basis for tracking Iraq once sanctions are lifted.

After seven years of combing through the Iraqi weapons establishment, "now we know what questions still have to be answered," Mr. Butler said. The process took so long because Iraq's own accounts "were never remotely credible."

That pushed the inspectors to decide that Baghdad was deliberately concealing as much information as it could. Subsequently, the inspection process relied heavily on intelligence from the United States and other governments.

Gradually, governments began to tell UN inspectors about companies that had supplied equipment, supplies and technology to Iraq for making advanced weapons, enabling them to uncover Iraqi programs and installations.

To keep the data flowing, the UN commission charged with the inspections

pledged not to disclose the names of the companies in order to spare embarrassment to governments. "Realistically, we had to leave any action up to governments," Mr. Butler said.

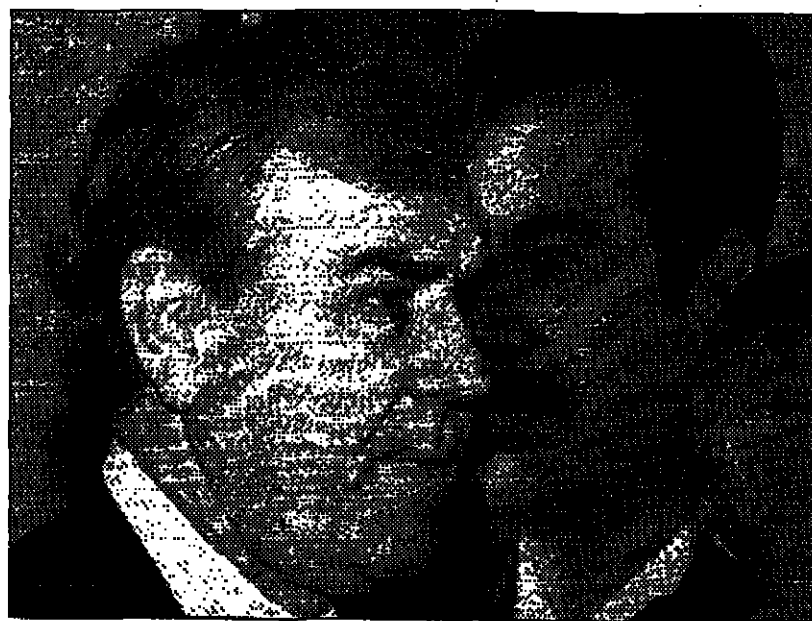
Big questions remain about chemical arms and biological warfare, the other two categories under investigation as the UN commission tries to put Iraq's different kinds of weaponry under the appropriate international disarmament regimes.

Nuclear weapons facilities, which were located and destroyed by the International Atomic Energy Agency, will be placed under the safeguards regime laid out by the nonproliferation treaty signed by all major nations.

In describing the long-term diplomatic strategy for policing Iraq, Mr. Butler said that UN inspectors are close to getting a strong grasp of Iraqi missile programs.

Although the Iraqis have always denied making chemical weapons, the inspectors have uncovered and destroyed a stockpile of nearly four tons of VX, a nerve agent. Even though concerns remain about sarin and other gases, Mr. Butler expressed confidence that, with a few more inspections, Iraq could be controlled in future under the provisions of the 1995 treaty banning chemical weapons.

Most difficult of all are biological



Richard Butler, the UN weapons inspector, passing a portrait of Saddam Hussein in Baghdad on Monday as he arrived for a three-day visit.

weapons, which are often hard to distinguish from legitimate medicines and can be produced without big separate facilities. They are more dangerous than chemical weapons: British scientists contaminated an island with anthrax spores in the 1950s that remained active until four years ago.

The international convention banning biological weapons lacks enforcement

provisions, so it would have to be expanded to provide for serial surveillance and for international exchange of intelligence about products and people involved in some special applications of biology, officials said.

"It's a big job, but it can be done with regard to countries that have to import what they need to make weapons," Mr. Butler said.

## EU Officials Off On Algerian Visit

Reuters

LONDON — Three European Union junior ministers left Monday for Algeria to hold talks on how the EU can help stop massacres there.

The EU team, plus European Commissioner Manuel Marin, will meet Algeria's foreign minister, Ahmed Attaf, opposition members of Parliament and newspaper editors during the 24-hour visit.

The Algerian government has made it clear that the mission is not entirely welcome and will not be allowed to visit sites of killings and alleged mass graves.

No one has claimed responsibility for the attacks, but the government blames Muslim terrorists for the killings of civilians, including more than 1,100 who have been massacred since the holy month of Ramadan began Dec. 29.

The level of the EU visit was changed from senior officials to junior ministers late last week after Algiers rejected a trip arranged by Britain, which holds the six-month rotating EU presidency.

The visit coincides with reports of more killings on Saturday and Sunday.

## IRAQ: Butler Begins Talks

Continued from Page 1

one by one as an incentive to Iraq to cooperate more fully.

Closing a file switches the method of disarming and watching Iraq from what are regarded as intrusive inspections at short notice to a long-range monitoring system similar to that accompanying an international arms control treaty.

The technical reviews, however, have proved to be a two-edged sword in the past. When a group of international experts was asked last year to review assertions by Iraq that it had accounted for all biological weapons and production facilities, the panel concluded that the Iraqi report was "not remotely credible."

In December, Iraq again declared itself free of germ warfare.

"We don't agree," Mr. Butler said. "We don't agree not because we are suspicious people but because disarmament can't be decided on the basis of declaration alone. It has to be verifiable."

Mr. Butler was especially questioned about Scott Ritter, the American who led a team of specialists on concealment of evidence to Iraq last week and was barred for two days from carrying out inspections.

Mr. Ritter left Baghdad on Friday, a day early.

"I'm going to get tired soon of the personalization stuff," Mr. Butler said in a tone of exasperation. "I mean, it really has to stop."

"I've said over and over again: The man in question is

a professional. He is not a spy. He works for the United Nations. I don't want to have to say it again."

Mr. Butler said that Mr. Ritter had been asked to look for evidence of germ-warfare testing on prisoners during a prison visit last week, but only in a "subset" of questions concerning the installation.

Nizar Hamdoun, Iraq's representative at the United Nations, listed the search for germ-warfare evidence as one of Baghdad's grievances against Mr. Ritter in a letter to the Security Council last week.

"I was stunned when the Iraqi permanent representative put that into the public arena," Mr. Butler said. He added that he had intended not to publicize these long-held suspicions because he knew Iraq would be sensitive to the charge.

Mr. Butler called the fixation with Mr. Ritter a diversion from the real issue, which was that the team barred from inspection had special expertise in the concealment of weapons and arms production.

"This is not a subject with which Iraq feels comfortable," he said. "The closer we get to the end, the closer we get to last pieces that have been 'concealed' — quote, unquote — of course that makes it tougher."

"The last lap of this race may be the hardest lap," he continued.

"But we've got to run it. Otherwise, Lord knows what will happen."

## BRIEFLY

## Army Takes Sierra Leone Town

FREETOWN, Sierra Leone — Pro-junta forces in Sierra Leone have recaptured the key diamond town of Tongofield from militiamen loyal to the ousted president, Ahmad Tejan Kabbah, a junta spokesman said Monday. "We threw in virtually everything we had as the town is strategically important to the army," said the director of defense information, Lieutenant Colonel John Milton, who said the army had taken the town back late Sunday. No casualty figures were available. (AFP)

## Zimbabwe Rescinds Price Rise

HARARE, Zimbabwe — The Zimbabwe government ordered millers Monday to reverse a 21 percent increase in the price of the staple corn meal, hours after the capital, Harare, was rocked by violent protests over consumer prices, the state news agency ZIANA reported. It quoted Industry and Commerce Minister Nathan Shamuyarira as announcing the order and saying that President Robert Mugabe's government was going to review all recent increases in basic commodities. "The government no longer controls prices," the agency said. "Prices are now set by producers of each commodity. However, government has looked into proposed increases by millers. This step has no justification. The measure will be withdrawn forthwith." (Reuters)

## Schools Reopen in Montreal

MONTREAL — Thousands of students went back to schools and universities in Montreal that reopened Monday — some for the first time since the holidays — after a severe ice storm. A half million people throughout Quebec remained without power for a 14th day. About 3,000 electricians worked to restore electricity. About 95,000 students in the worst-affected areas around Montreal will be out of school another week. (AP)

## Coca Output Falls in 2 Nations

WASHINGTON — U.S. government figures show that the cultivation in Andean countries of coca, the raw material used to make cocaine, dropped sharply in 1997. But cultivation in Colombia increased sharply, virtually ensuring that the nation will continue to be treated as a pariah state. This is the second year that coca production has fallen overall, and it is the largest overall decline ever. While production fell dramatically in Peru and modestly in Bolivia, it increased in Colombia, according to the recently compiled figures. U.S. officials said they find the net reduction encouraging. (WP)



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INTERNATIONAL

# As Failure Rates Mount, South Africa Confronts a Crisis in Its School System

By Lynne Duke  
Washington Post Service

JOHANNESBURG — Jabulani Morewa, a pumping-equipment salesman and father of a school-age son, sometimes would see teachers lounging over drinks in a local bar in the Johannesburg community of Soweto — when classes were supposed to be in session.

Mr. Morewa knew the teachers' behavior was wrong. But schooled in the ethic of the anti-apartheid struggle not to snitch to the authorities, Mr. Morewa did not report the teachers.

Few other parents were willing to do so, he said. "Why should I be the only one?" Mr. Morewa figured it would be safest not to draw attention to himself, not to court the retaliation that could come from rocking the boat.

But the school system that Mr. Morewa silently tolerated has failed his son. An aspiring mechanical engineer, Arthur Morewa, 17, said he was "broken hearted" to be among 293,867 South African high school seniors who failed their senior certificate exams.

The test results, announced last week, showed

that 53 percent of the nation's seniors could not pass the test, which qualifies students for a high school diploma.

The 1997 pass rate was 7.6 percentage points below 1996, continuing a steady decline that began in the apartheid era and dealing a blow to the nation's efforts to throw off the racial limitations imposed under white-minority rule and provide a quality education for all its children.

Now the government of President Nelson Mandela is caught in a complex tangle that many here call a crisis.

Some say the poor exam results were to be expected from a system in which the culture of learning and teaching already was shaky and now is undergoing fundamental change. Those analysts say that new policies to transform education will produce positive results in coming years.

But others accuse the government of adopting muddled policies and not acting more decisively to buttress a school system battered by the nation's recent history.

Though South Africa no longer compiles education statistics by race, a variety of analysts agree that the exam results reveal that the white

schools that flourished under apartheid still are flourishing, while the black schools that languished continue to do so.

Salim Vally of the Education Policy Unit at the University of the Witwatersrand in Johannesburg said: "If we disaggregate the results in terms of color and class, schools located in the richer communities — and in South Africa, that translates into white communities — fare better."

"If you're in a school which doesn't have electricity or toilets or water, no library, no laboratory, where teachers are inadequately trained — it's going to affect the quality of learning."

A recent survey of school needs nationwide showed that 82 percent of South African schools have no media equipment such as televisions, computers or videocassette recorders; 72 percent have no library; 57 percent have no electricity.

The problems stem, in part, from the legacy of apartheid, when educational policies and resources were geared to sustain the socioeconomic supremacy of South Africa's whites, who make up 12 percent of the population.

The anti-apartheid resistance that developed among black students in the 1970s and '80s turned

schools into battlegrounds and transformed students from classmates to comrades under the slogan "Liberation before education." Teachers and parents learned to toe the students' line.

And in the midst of this mayhem, when little teaching could be done, students like Arthur Morewa entered the first grade.

Now, with a black-majority democracy installed after the country's first all-races election in 1994, the Mandela government is attempting to unravel the tangle and overhaul an educational system beset by policy, budgetary, staffing and morale problems.

To promote equality in the classroom, the new government has done away with the 14 racially and regionally separate education departments that once were gatekeepers of apartheid education. It has made education compulsory for all children, not just for whites — as in the old days — and it has stripped schools of the power to exclude students on the basis of race.

Teachers slowly are being retrained, and communities are getting more of a say in schools through governing councils of students, teachers and parents. The government also has inaugu-

rated a new curriculum, to be phased in over several years, that it hopes will transform schools into humming laboratories of learning.

But some analysts say that the government's success in creating the structure of an equitable education system has not been matched by efforts to end the upheaval to which many schools have been accustomed. And the government's policy of austerity and fiscal discipline means that spending on education has had to be kept to a minimum.

But other analysts suggest that something else is at play in the system. They point to schools where, against all odds, students achieve remarkable exam results, such as one in the deeply impoverished community of Orange Farm, south of Johannesburg, with an 89 percent pass rate.

These analysts say the root of the problem is the absence of a learning culture. Schools here are often fraught with political conflict, intimidation, fear and suspicion because traditional roles have been reversed. Teachers don't trust students after two decades of anti-apartheid agitation and protest that, at times, meant teachers who got in the way were harmed. This has left teachers dispirited and uninterested, experts say.

## Seeking the Right Spin: Can Castro Convince Cuba The Pope Is on His Side?

By Larry Rohter  
New York Times Service

HAVANA — With Pope John Paul II scheduled to begin his visit to Cuba on Wednesday, the Cuban government and the Roman Catholic Church here are locked in behind-the-scenes maneuvering that ultimately will determine to what degree the political impact of the trip is muted or enhanced.

In public, those involved continue to say that the visit is "purely pastoral" in purpose and that all is proceeding in harmony.

Using the newspapers, television and radio stations that Fidel Castro has controlled since 1959, the Cuban president has sought in recent days to portray the Pope as an ally in the struggle against American imperialism.

"We want to see a full house," Mr. Castro said during a five-and-a-half-hour national television appearance that ended early Saturday, adding that he planned to attend a Mass at the Plaza de la Revolución here on Jan. 25. Cubans should attend "out of courtesy, out of politeness to the visitor," he said, and cautioned, "No one should be shouting 'vivas' at any leader of the revolution."

But at the same time, the Cuban government has erected obstacles that make it difficult for the church authorities to take their case to Cuba's 11 million people themselves.

Working quietly, the church has been trying to expand the limited space available to it in a one-party state that was officially atheist for 30 years, until 1992. As part of the extensive negotiations that followed the first meeting between John Paul II and Mr. Castro, at the Vatican in November 1996, the Cuban church has already secured an increase in visas granted to foreign clergy. The church is also pressing for regular access to the state news media and permission to offer religious instruction in Cuban schools.

Mr. Castro has sought the papal visit, diplomats and religious leaders here suggested, because he is confident that he can direct its packaging and presentation in a direction that suits his political goals.

They said the Vatican and the Cuban government had an implicit understanding that the Pope would reiterate the church's long-standing criticisms of the American economic embargo of Cuba and what one senior Cuban official called "the vulgar materialism" of the West.

Referring to the newspaper of Cuba's Communist Party, Mr. Castro said in his televised remarks over the weekend that some of the Pope's speeches read as if they were written by "a journalist from Gramma, although of course I am not going to accuse the Pope of being a Communist."

The Pope, he added, is "a big headache for the unipolar hegemony of the United States" and "of imperialism, because he is not a man who can be manipulated."

For that reason, it is not correct to classify the Polish-born Pope as the "angel of death for socialism, communism and revolution," Mr. Castro said.

Mr. Castro also said, "Instead of a meeting between an angel and the devil, wouldn't it be better to think of a meeting between two angels who are friends of the poor?"

Taking their cue from their leader, other Cuban officials have also spoken with admiration of the Pope and the church's social mission.

At the level of individual churches and neighborhoods, though, the situation is far more complicated. Churchgoers, whose numbers have risen rapidly during the "special period" of economic austerity that began with the collapse of the Soviet Union, still complain of official repression of the sort that occurred in the Havana neighborhood of Miramar on Saturday afternoon.

"Well, I don't know anything about that," the police officer replied. "All I know is that I've told various other groups to stop, and nobody else has given me any back talk. So it's best that you stop now, because if you don't, people are just going to get upset and tear those posters down."

With that, the children returned dejectedly to their church as an adult stayed behind. A few minutes later, a man in civilian clothes arrived and told the police officer to let them resume. But when a separate group headed out from the church in another direction, it too was rebuffed, this time by a different police officer.

Ultimately, diplomats here said, both the Pope and Cuban Catholics aspire to a much more visible and prominent role for the church here. The precise dimensions of that role have not been made clear, but the church's desire to use the Pope's visit as a springboard are obvious.

For the moment, the average Cuban can only watch and wait as church and state jockey. As a group of residents of downtown Havana waited in line on Sunday morning outside a butcher shop that is across the street from a church, they were asked if they expected the Pope's visit to result in immediate, concrete changes.

"That would be a miracle," one woman said with a laugh. "And as Cubans, though we have learned to hope for miracles, we cannot bring ourselves to believe in miracles."

## EMU: Union Foreign Ministers Cheer Italy

Continued from Page 1

progress made by Mr. Prodi's government in bringing Italy's deficit levels down. At the same time, Mr. Kohl must avoid giving the impression that political rather than economic considerations would influence the decision over EMU membership, they said.

Italy and other countries hoping to join the currency union still have one more hurdle to cross — the examination of their 1997 financial results by the EU's executive arm, the European Commission, at the end of March.

The EU finance ministers said they considered that measures included in Italy's just-released 1998 budget would enable the country to achieve a targeted reduction of the deficit to 2.8 percent of gross domestic product, well within the 3 percent target needed to join monetary union. The ministers also said they "welcomed the major reforms introduced or completed by Italy" since it began a final dash to meet the criteria last summer.

They noted, however, that a number of potential problems remained, including a short-term loss of revenue caused by tax reform and the need to consolidate work on pension reform. But they said they were taking into account the "renewed commitment made by the Italian government to introduce corrective measures in the event of any slippage."

Carlo Azeglio Ciampi, the Italian treasury minister, made his case to his fellow ministers Monday, saying that his government was considering presenting its annual three-year budget program ahead of the May meeting on the single currency. By bringing it forward, Italy would try to offer proof of the sustainability of its deficit-reduction effort.

Mr. Ciampi has stressed that Italy is working hard to reduce its public-sector debt, which is still running at about 120 percent of gross domestic product, or twice the target level contained in the Maastricht treaty that governs monetary union. The treaty does allow for governments that exceed the 60 percent target to qualify for EMU as long as the direction of their public debt as a proportion of GDP is trending lower.

Despite the political accolade given Monday, analysts still expect some skeptics to question Italy's ability to sustain its fiscal rigor until the time of the May meeting, to be held in Britain.

"The politics of EMU imply that Italy will probably get in, but we will have speculation until the last minute," said Ken Wattret, an economist at Paribas in London.

The finance ministers also said Monday that the financial crisis in Asia made monetary union more necessary than ever, as the single currency would help the EU resist currency and trade shocks.

Belgium's minister of finance and foreign trade, Philippe Maystadt, said



A Havana street vendor setting up Monday near a satellite dish, dozens of which have been deployed around the city to broadcast the Pope's visit.

## Zimbabwe Seizure Of Farms on Hold

The Associated Press

HARARE, Zimbabwe — A government program to seize white-owned farms will probably be delayed by strict aid conditions set by Western donors and financial institutions, the European Union said Monday.

In return for the aid, said Jens Laerk, head of an EU delegation in Harare, the Union received written guarantees that the takeover of more than 1,400 farms would not cause the nation's budget deficit to exceed the 8.2 percent of gross domestic product forecast this year or hinder agricultural production.

Because of those conditions, Mr. Laerk said, "it seems not very probable that land reform can proceed this year."

Lagayette, the former head of Caisse des Dépôts et Consignations, the country's largest financial institution, is the French candidate to be head of the EBRD, which is based in London and promotes economic development in Eastern Europe.

The term of EBRD's current chairman, Jacques de Larosiere, will end in January.

The search for Mr. de Larosiere's successor has been complicated by Paris's decision in November to put forward its central bank governor, Jean-Claude Trichet, as a candidate to head the European Central Bank.

Wim Duisenberg, former head of the Dutch central bank and current head of the European Monetary Institute, the forerunner to the ECB, had been considered the agreed candidate.

## VANILLA: Competition, Artificial Flavor and Greed Spoil Madagascar's Cash Crop

Continued from Page 1

"Vanilla got me nowhere," said Mr. Rasolomonina, who has seven children. "I tried other things."

Nowadays, he said, he is more hopeful. But he is not about to invest in any more plants, which take three years to bear fruit, before he sees results.

Experts say the vanilla industry is almost as Byzantine and secretive as the diamond industry. Vanilla — once it is cured and dried — can be stored for up to 10 years before it is put on the market. So, like diamonds, yearly sales figures are not necessarily a reflection of what is really going on.

But there is wide agreement among experts that in the last 20 years, Madagascar's vanilla has been losing ground. In the early 1970s, the island supplied 70 percent of the vanilla con-

sumed worldwide. By the early 1990s, its share was down to 40 percent, according to United Nations figures.

The Madagascar government had set the price so high for so long that other countries began to see a chance to make money. Indonesia has probably made the most inroads, encouraging its farmers to plant vines and teaching them to grow better beans. China, Thailand and Uganda have also jumped into the market, and without resorting to Madagascar's heavy taxation, which generally has taken about 80 percent of vanilla profits.

The government's overhaul of its vanilla policies has not been completely successful. Last year, it set a fixed tax of more than \$9 a pound on vanilla. But with the vanilla fetching only slightly over \$10 a pound, about \$22 a kilogram, many exporters stockpiled what they

## BELGRADE: Explosion of Pornography

Continued from Page 1

trying to cope with mounting violence by the ethnic Albanians in the Kosovo region of Serbia, who want independence. And in Montenegro, which along with Serbia makes up all that remains of Yugoslavia, separatist forces are building under a new government critical of Mr. Milosevic.

The effects of the social collapse have been devastating. Disfranchised teachers say they struggle to cope with children as young as 11 who have been exposed to graphic scenes of sadomasochism on television. Domestic violence, often by men who are out of work or who have not received their small salaries for months, also appears to be widespread, sociologists say. Crime is endemic.

"This stratification of society is part of a general trend in Eastern Europe," said Zarko Korac, a professor of clinical psychology at Belgrade University, "but in this country it has taken a more sinister form. The sanctions and the war created a much richer and uglier underworld."

"They are our carpetbaggers who buy up the property of the Belgrade elite, even the old communist nomenclature. We have descended into barbarity, into the crudest forms of life. We live in a world of moral idiocy. I watch the smiling face of Milosevic, who seems incapable of remorse or pity, and wonder if he is not the devil incarnate."

The trend Mr. Korac referred to began with the collapse of communism, which saw a rupture of the social contract in Eastern Europe and the discarding of longtime political and social values.

Pornography, along with crime, has been embraced along with the emerging liberties to engage in trade, publish freely or build opposition parties. The violent breakup of Yugoslavia began in 1991, the

same year that the government decided to permit hard-core sex films to be broadcast on public stations and the first local made pornographic film was produced.

While the old communist Yugoslavia did not censor love scenes in its state-run film industry, it condemned pornography as the exploitation of woman and banned its production.

Many say they do not find it coincidental that this happened as the first graphic pictures of mutilated and dead from the war, along with the racial diatribes against Muslims and Croats, hit the airwaves.

"The war was about the lifting of taboos, about new forms of entertainment to mask the collapse and repression," said Ljuba Isakovic, a reporter who is writing a book on the new sexual mores. "War and sex became the stimulants used to keep people from examining what was happening."

A Belgrade woman, Gordana Lalic, 26, poses for pornographic magazines and sings occasionally in night clubs. Her attempt to build a career in the recording industry has meant cultivating contacts with Belgrade's most notorious thugs. Mrs. Lalic, like many young women drawn to the glitter of money and power, has often been a victim of its darker side.

"I have been raped many times," she said. "I tried to escape from one of these gangsters the other night by running from the disco. I fell and he pulled out his gun, put it to my head and told me I could go with him to his apartment or get out up into little pieces."

"These are people who do not care about murder. When some police saw he pulled out his weapon and they backed away. The police know the price of interfering."

millimeters (a quarter of an inch) longer makes a difference in the price and the taste, experts say.

Most of the vanilla is sold for distribution in the United States and Europe. But much of the world no longer bothers with the real thing. Even in the United States, which consumes about 60 percent of the world's natural vanilla, artificial vanilla flavoring still takes up some 90 percent of the market, and in France 50 percent.

Farmers have also faced a new scourge in recent years — an increase in thefts from the field, often before the beans are ripe. Madagascar is one of the world's poorest countries, where most people earn no more than \$300 a year. But some farmers, trying to thwart the thieves, are picking their beans early, reducing the quality of the island's vanilla.



# Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Mideast 'Reciprocity'

Charles Krauthammer (*JHT Opinion*, July 19) has forcefully posed the pivotal question of whether the Palestinians can be trusted to keep their pledges to Israel. He cited Palestinian commitments to Israeli security that were inscribed in an American-written "note for the record" added to the text of last January's agreement on Israeli withdrawal from most of Hebron. He observed that "every one" of those commitments "has since been violated."

With Israel and the Palestine Authority's talks on the verge of collapse and the two leaders about to descend on Washington, the question of Palestinian credibility cannot be ignored. It is right to underline the critical necessity of compliance with existing agreements as a foundation for construction of new ones. The various post-Hebron commitments that the note registered were to be implemented "on the basis of reciprocity."

The Palestinian commitments, which go mostly to Israeli security, were implemented inadequately at best and sometimes, much worse, egregiously defied. The dominant Israeli commitment, for further withdrawals from the West Bank, was not implemented at all. There was an argument over the terms of the first planned "redemption," and it was never resolved. Since then, both sides have invoked the failure of reciprocity as the cause of the stalemate.

There is, of course, a whole parallel set of political considerations that are not recorded in diplomatic documents but which affect policy. The Palestinian suicide bombings have justifiably made Israelis warier of accommodation. Israel's continuing planting of new Israeli settlements and settlers in the West Bank, particularly in Jerusalem, has intensified Palestinian distrust. These are not moral equivalents, as Secretary of State Madeleine Albright has noted. New settlements, however resented or unjust, cannot justify murder. Nor can the Palestine Authority

## Wrong Way in Turkey

Turkey's military and political leaders seem under the illusion that the best defense against Islamic fundamentalism is to ban Islamic political parties. The Turkish Constitutional Court did so again on Friday, outlawing the Islamic party that briefly governed Turkey before the military arranged its removal last year. Like previous bans on Islamic parties, this one will only stir greater support for Islamic causes among Turkey's overwhelmingly Muslim population.

There is a cyclical quality to Turkish politics that gives these periodic crackdowns a deceptively benign appearance. One Islamic party is banned, and another quickly takes its place. This time the Welfare Party, which won the largest number of seats in the last parliamentary elections, was declared a threat to the survival of Turkey's secular state. Its top leaders, including former Prime Minister Necmettin Erbakan, were banned from political activity for five years. A new Islamic party, Virtue, will replace it, although it may initially lack the grassroots net-

## Nostalgia in Orbit

Well, why not send John Glenn back into space? If NASA could provide shuttle rides for two politicians who controlled its budget in the mid-1980s, why should it not launch a renowned if ancient astronaut who wants a last big hurrah in space at the age of 77, after he steps down from Congress?

At least Mr. Glenn has the experience and competence to perform the job. He has been flying his own plane and exercising like a maniac to keep in shape for his rendezvous with the cosmos. This is one old warrior who refuses to fade away.

The stated justification is mostly nonsense, a rationalization dreamed up by Mr. Glenn during two years of lobbying for the trip and only accepted after heavily publicized pondering by NASA. There is hardly a burning need to study the effect of weightlessness on an elderly man's physical processes or to correlate muscle deterioration in space with muscle deterioration in the ground-based elderly. If there were, NASA would long ago have rocketed geriatric astronauts into the heavens and would not so readily have jettisoned its old-timers.

## Think Twice About Forcing Change in Asia

NEW YORK — Like the fall of the Berlin Wall in 1989, the financial collapse of East and Southeast Asia is being viewed by many as a vindication of Western-style liberal democracy and free-market economics.

This conclusion has been used by the International Monetary Fund to justify accelerated and wholesale imposition of numerous economic reforms on the "tiger" economies.

While some of these prescriptions may have the intended salutary effect, some may produce nasty and lasting side effects on East-West relations.

One change being aggressively implemented is the opening of many of Asia's heretofore protected markets and industries to foreign participation. In theory this move makes good economic sense.

Increased competition from foreign rivals puts pressure on firms to upgrade efficiency and the quality of their products or services. Relaxing controls on foreign ownership will facilitate the liquidation of defunct or bankrupt enterprises.

Unfortunately, the decision to admit foreigners is made under duress. The blunt IMF message to Thailand, Indonesia and Korea was to change or suffer. And some Asians are beginning to perceive Western participation as nothing more than blatant exploitation.

For example, selling the real estate assets of Thailand's defunct finance companies to foreigners will expedite the badly needed liquidation process. But being forced to sell at fire-sale prices breeds resentment against rescuers who may seem more like carpetbaggers.

Adding to this perception are the seemingly onerous terms being demanded by Western lenders as part of the international effort to restructure South Korea's external debt. In return for extending the maturity of their loans, foreign banks wish to charge high fixed interest rates that are in line with South Korea's newly assigned junk bond status. South Korea will be sentenced to decades of slow growth as practically all of its

## Another Round of Netanyahu's Waiting Game?

By Gideon Rafael

JERUSALEM — Dennis Ross, the lonely rider of peace, was back in town discovering that the windmills, driven by Benjamin Netanyahu's blasts of hot and cold air, are turning faster than ever. What is the purpose of Bibi's exercises? He plays for time to stay in power. His retention is the goal that drives him. Its trimmings are for him no less attractive than its exercise.

Procrastination and prevarication — outwitting, outwearing and outwitting the opponent are the tricks of his trade. The ship of state captained by Mr. Netanyahu is armed with more loose cannon than navigational aids. His crew, called a cabinet, is in a mood of mutiny, and his cabin is in an advanced state of decomposition.

But, as Barbara Tuchman wrote in her "March of Folly" about King Philip II of Spain, "No experience of the failure of his policy could shake his belief in its excellence."

The leitmotif of his policy is, apart from gaining time, retaining Israel's control over the entirety of the land between the sea and the river, unimpeded by any other sovereignty. The idea of sharing the land with a Palestinian state is anathema to him.

Partition, the foundation stone of the peace edifice of Oslo, is accepted by a vast majority in Israel, as well as by a multitude of rationally thinking people everywhere in the world, as the only means of deliverance from the bane of permanent war.

Mr. Netanyahu, never having concealed his loathing of the Oslo accord, determined to get rid of it by hook or by crook, is trying to saddle Yasser Arafat with the responsibility for its demise.

Three tools serve Mr. Netanyahu to dig the grave of Oslo: acts of Arab terrorism, allegations by Israel of viola-

tions by the Palestinian Authority of the principle of the mutuality of obligations, and the initiation of quick-stop diplomacy designed to conclude agreement on the final disposition of the occupied territories within six to nine months — while meanwhile deferring implementation of the interim stages of troop withdrawal, as agreed at Oslo and reconfirmed in the Hebron agreement.

The purpose of such diplomacy is to derail the Oslo peace train by offering the Palestinians territorial and political terms unacceptable to them.

Instead of carrying out Israel's long overdue undertakings to permit the opening of the Palestinian airport in Gaza, to allow the planning of a sea harbor, to institute arrangements for

**There is no return to square one after the lost battle for peace.**

free passage of the inhabitants of Gaza and the West Bank, and to delineate the map of the first and second stages of withdrawal from the West Bank — the prime minister entangles his cabinet in futile discussions on Israel's non-negotiable territorial and security demands in the West Bank.

Maps are produced by two competing generals, members of the cabinet, offering the Palestinian Authority a patchwork of autonomous but not sovereign territory on less than half of the West Bank. Remembering General Ariel Sharon's maps, drawn in preparation

for the war in Lebanon, one is inclined to repeat, in slightly amended form, Virgil's warning some 2,000 years ago: Beware of generals carrying maps.

A bewildered public watches, suspecting that the maps are a deck of marked cards played by a cardsharp to break the bank of Oslo.

The impact of collapse of the Oslo peace process will be comparable to that of an air crash. It will claim many victims, its wreckage will spread over a wide area, and its spilled fuel may trigger a vast conflagration. If Mr. Netanyahu believes that he can extinguish it with his customary flood of words, he is committing another error of judgment, probably his most fatal one.

Ambassador Ross returned to Washington from his last rescue mission with a nil report. He failed not because of his lack of diplomatic agility and tenacity, which are admirable, but because of a complete breakdown of trust between the parties to the conflict.

This crisis of confidence cannot be resolved by procedural devices, but only by the readiness of both sides to make concessions on substance. And this they are not willing to do or capable of doing without tangible and intense American involvement.

Mr. Netanyahu arrives at the White House with a low credit rating, an unimpressive record of achievement and a thick folder of unredeemed promissory notes, trying to sell to President Bill Clinton another one. He will plead for presidential forbearance and benevolence, claiming that owing to his parliamentary fragility he cannot proceed on the peace road as fast as the president would like him to.

Mr. Clinton, probably aware that Mr. Netanyahu's policies can result in unmitigated disaster, may be inclined to

dismiss his entreaties with a reference to Senator Arthur Vandenberg's famous reply to President Harry Truman: If you didn't feel it necessary to consult me before the takeoff, don't invite me to the crash landing.

If Mr. Netanyahu believes that after the demise of the Oslo accord he can return to square one with more time at hand to hold on to power and to the status quo of continued occupation of the West Bank, he is deluding himself. There is no return to square one after the lost battle for peace, but only to earth soon scorched by turbulence of hitherto unknown dimensions and vehemence in the Middle East.

The end of Oslo in those circumstances will cause painful injury to Israel's relations with the United States, jeopardizing its security, its economy, its standing in the world and the well-being of its people.

The United States cannot afford to let the Arab-Israeli peace process succumb. Not only the validity of its own promissory note as underwriter of the Oslo accord is at stake, but worldwide vital American interests.

At present, while Iraq continues to destabilize the Middle East, Iran intimates its interest in normalization of relations with the United States, Bosnia is still far from being pacified, the lure of the immense oil reserves in Central Asia is becoming increasingly attractive, Southeast Asia is seized with financial turmoil, the United States can hardly afford the eruption of a new violent crisis in the Middle East.

The writer, a former ambassador of Israel to the United Nations and a former director general of its Foreign Ministry, contributed this comment to the *International Herald Tribune*.

## Now a 'New Deal' to Combat Unemployment in Britain

By Gordon Brown

The writer is British chancellor of the Exchequer.

LONDON — In the United Kingdom today, almost one in five working-age households has no one in work. Long-term unemployment remains a significant problem. Millions are caught in a cycle of low pay and no pay. Too many young people face difficulties in making the transition from education to work, and instead face a lifetime of dependency, demoralization and alienation.

While the number of lone parents has been growing, the proportion with jobs has actually been falling. The United Kingdom has one of the lowest employment rates for single parents in the developed world.

And too many older workers are dropping out of the labor market, dramatically increasing the numbers on long-term sickness and disability benefits.

The link between these labor market failures, poverty, social exclusion and crime is clear.

The British government has recently reaffirmed the commitment — first made in a ground-

breaking white paper of 1944 — to high and stable levels of employment.

In the first decades of the postwar era, governments relied heavily on the tools of macroeconomic management. Successive governments were able to deliver low unemployment and a large number of long-term jobs. The focus was almost exclusively on men.

The welfare state was constructed on the basis of a society in which spells of unemployment were expected to be short, fewer people faced the need to balance work and family life, and even unskilled workers had access to good employment opportunities.

But the old policy agenda has become obsolete and, in many cases, counterproductive. We need a new approach that reflects changes that have occurred in the labor market, in

society as a whole and in the global economy.

We need a New Deal. Our program — the New Deal for the young unemployed — has started in 12 areas around the country. It will go nationwide in April.

Every young person out of a job for more than six months will be offered four options: a job supported by a 60-pound-a-week subsidy, work on our new environmental task force (tree planting or clearing out neglected drains), paid work with the voluntary sector, and, for those who need it, full-time training.

Throughout the process, and beyond, young people will be supported by an employment adviser. Many will need the support of a mentor as they make the often difficult transition from welfare to work. These new opportunities need

to be balanced with new responsibilities. One thing will be clear: Long periods on welfare will no longer be a choice for young people. There will be no option to turn down opportunities and simply stay on benefit.

The success of the program depends on a national effort — from government, from young people themselves and from employers. The response from employers has been very encouraging. For example, the supermarket giant Tesco has set a target of 1,500 New Deal jobs and has offered support with training to smaller retailers.

Many employers recognize that we are at a key stage in the economic cycle where, in the past, falling unemployment has been stalled by wage inflation and skill shortages. To business, and to the economy, the New Deal makes good sense.

The New Deal for young people is the flagship of our new approach to employment, but we will not stop there. In June we will introduce a 75-pound-a-

week subsidy for over-25s unemployed more than two years; and we are looking at ways of extending the intensive approach pioneered for the under-25s further up the age range.

Our New Deal for lone parents is the first serious national attempt to help lone parents, who want work to find it. It will be supported by a national child-care strategy, with new resources and a fresh commitment from government.

We will be introducing innovative approaches to helping disabled people find work. We are instituting a coordinated approach to the problem of social exclusion. We are committed to an expansion of education.

And, through our comprehensive review of public spending, we are looking at the whole range of public services to ensure that those who cannot work are offered a better deal from the state.

People are understandably reluctant to take work that leaves them no better off. The tax and benefit system too often fails to provide the incentives people need to get work and move up the employment ladder. That is why I instituted a coordinated strategy of tax and benefit reform.

With a task force led by Martin Taylor of Barclays Bank, I will be looking at four areas: a new Working Family Tax Credit for low-paid families, reform of national insurance contributions, a new 10 percent income tax rate (half the lowest current rate), and action on the features of the benefit system that cause the poverty and unemployment traps.

Together this amounts to a comprehensive reform program focused on new work opportunities for those previously denied them.

We need to win the case for reform, and show that the status quo is not an option. The burden of social security expenditure is a symptom of the lack of employment opportunity, as well as a problem in its own right.

Only by tackling the fundamental causes of worklessness and poverty can we hope to create a nation in which the fruits of economic prosperity are available to all.

Newsweek

## Think Twice About Forcing Change in Asia

By Teresa Wyszomierski

NEW YORK — Like the fall of the Berlin Wall in 1989, the financial collapse of East and Southeast Asia is being viewed by many as a vindication of Western-style liberal democracy and free-market economics.

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income goes to paying its huge interest bills rather than into national reinvestment.

One of the most profound reforms being imposed on Asia is the notion that government should no longer intervene to keep alive insolvent or fundamentally weak businesses. Instead, these enterprises should be allowed to fail, so that their assets can be redeployed into more productive ventures.

Any resulting unemployment should theoretically be temporary, as workers move to new or surviving firms. Unfortunately, this vaunted process of "creative destruction" appears to be destroying more than it is creating.

About 500 South Korean businesses recently went bankrupt in just one week.

Bankruptcies will continue to surge during the first quarter as Asian banks curb lending to meet Bank for International Settlements capital adequacy standards by March 31.

The Federation of All Indonesia Workers' Unions conservatively estimates that unemployment there could double to 9 percent of the work force, or 8.2 million workers, this year. Worse, analysts believe that the number of "hidden jobless," such as illegal aliens from countries such as Bangladesh and Pakistan working in construction jobs, could reach 40 million. Similar statistics characterize the other Asian tigers.

Compounding the sheer magnitude of the looming unemployment problem in Asia is its potential longevity. Job creation will be stalled owing to the inability or unwillingness of local and foreign banks to finance capital investment in new or surviving firms.

Even if such financing was available, weak domestic demand does not justify expansion of productive capacity. For this reason, General Motors Corp. and Ford Motor Co. recently decided to cut production plans for new Thailand factories.

Continued success of the region's export-led growth strategy depends on robust foreign demand, coupled with the capability to upgrade the quality of export products. Neither condition is assured.

Protectionist Western governments threaten retaliatory action against cheap Asian products. And product upgrades will be difficult because Asia does not have enough skilled workers, and now does not have the money to invest in education and training.

Exacerbating the hardship of what will be a protracted period of high unemployment is the fact that most Asian countries do not provide unemployment benefits and other social safety nets typically enjoyed by Western workers.

Many Western commentators have hailed the insurgent wave of labor discontent as the harbinger of a political catharsis for much of Asia, with old authoritarianism supplanted by some utopian version of Western-style democracy.

But blithely assuming that popular discontent will be directed solely at Asia's leadership overlooks a fierce sense of national pride that can be manipulated by media still under heavy governmental control.

No one denies that Asia needs a healthy dose of market discipline to ensure a sustainable long-term recovery. But a crash diet of textbook free market reforms, seemingly imposed in a heavy-handed and exploitative way, will only deepen the East-West rift.

Trying to enact reforms, however legitimate, within the stringent IMF deadlines only invites chaos, failure and resentment. Priorities should be set more clearly, so that really critical issues are addressed first, like central bank independence in the case of Indonesia.

In addition, because the economic remedies being prescribed were developed primarily for the past financial maladies of predominantly Western institutions, they chaotically fail to accommo-

date unique aspects of Asian business culture. For example, the wholesale indictment of family or social connections as "crony capitalism" can be a destructive overstatement.

Perhaps the most immediate, practical step for soothing East-West tensions and aiding the recovery is for foreign banks to recognize that they need to act less like creditors and more like partners toward their Asian debtors. Debt should be restructured so as to provide the debtor with real performance incentives, such as a step down in the rate of interest charged if certain financial targets are achieved.

A sustainable Asian recovery without violent social upheaval can be achieved if reform is carried out in a gradual and inclusive manner.

The writer is a New York-based specialist in international investment. This comment is adapted from a longer article in *The Washington Post*.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

### 1898: Paris Violence

PARIS — As though inspired by the violent scenes caused by the anarchists, a well-known "companion" Claude François Etievant, made a vicious attack upon two policemen. He was armed with a knife and a revolver, and it was only after a desperate struggle that he was arrested. Etievant has professed anarchist opinions since his youth. He wrote a pamphlet against the President of the Republic and became the *gerant* of the *Libertaire*, in which he published a number of violent articles which led to the prosecution of that journal.

### 1923: Foreign Affairs

NEW YORK — The American Civic Federation Convention has decided to organize a committee of one hundred on foreign relations, following the plea of Mr. Elihu Root to edu-

cate the American public on foreign affairs. Mr. Root said that more wars were started by insult and misunderstanding than by material injury, and he asked that the people of the United States should inform itself on foreign affairs as the best means to avoid future wars.

### 1948: Fast Is Broken

NEW DAILY — Mohandas K. Gandhi broke his fast when the leaders of India assured him that his policy of redemption — a seven-point program of peace — would be carried out. The spiritual leader of the Hindus ended his ordeal of self-privation by sipping a glass of sweetened lemon juice 121 hours after the completion of his last meal. Small groups of students paraded through the streets. He shouted: "The breakers of peace have been vanquished. The gospel of peace has won. The fast is broken."

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OPINION/LETTERS

# Clinton's Team Needs to Learn to Sell Its Foreign Policy on Domestic Turf

By Stephen S. Rosenfeld

WASHINGTON — The brave face that the Clinton team puts on its foreign policy conceals, but not very well, the strenuous difficulties that administration policy is encountering on Capitol Hill. This is the cautionary message behind Secretary of State Madeleine Albright's otherwise upbeat review on Jan. 13 of her stewardship.

Of the administration's handling of its negotiations and disputes with foreigners, she had, unsurprisingly, little but good to say in an address to the Center for National Policy. Initiatives involving Bosnia, NATO, China, the Korean Peninsula and weapons proliferation led her to conclude that "we begin 1998 in a position of strength."

"Our economy is humming, our alliances are firm, our military is the best and the democratic values we cherish are embraced by a greater portion of the world than ever before," she said.

The conspicuous exception to her optimism is the Israeli-Palestinian stalemate, which events are now bringing toward a reluctant administration's front burner.

Negotiations and disputes with Congress, however, are another story. The three top challenges Mrs. Albright identifies for 1998 are less diplomatic than legislative: extending the mission of U.S. troops in Bosnia, enlarging NATO, funding and reforming the United Nations and funding the International Monetary Fund. All three invite struggles with a legislature controlled by a stubborn Republican opposition. A fourth, lower-profile challenge on the list — support for African development — could get lost in the shuffle.

The UN-IMF item is the potential crusher. Mrs. Albright spent a year cultivating the chairman of the Senate Foreign Relations Committee, Jesse Helms, on this issue and paid his price of a reorganization of the American foreign policy apparatus. Not only did Mr. Helms prove unreliable when it came time to deliver on UN funding, he has now "thrown up his hands" — quit the field — an aide says. Meanwhile, the Asian economic upheaval has added an escalating battle over the IMF's funding and crisis role to the unrelated abortion dispute that was already holding up the UN package.

It's not just a political mess, moreover. It's a foreign policy

mess as well. Mrs. Albright is unassailable but so far ineffective in asserting that it "hurts America" to be in arrears to institutions on which the United States is relying — the UN to compel Iraq to submit to arms inspections and the IMF to bail out the flailing economies of East Asia. "It makes it harder for them to carry out programs that serve our interests," she said.

Yet, though the centrality of this issue is everywhere acknowledged, Congress is on recess until

**Part of the stiffness comes from a view that Mr. Clinton represents the U.S. interest poorly and ought to be checked.**

Jan. 27, and it is reported that no plan of action has been ironed out to deal with the problem.

Part of the prevailing congressional stiffness comes from a view that President Bill Clinton bargains badly, represents the American interest poorly and needs to be checked. This indictment is recognizable but overdrawn.

Mostly Mr. Clinton is faulted for failings of tone, detail and personal style. Still, the public seems prepared to credit him with earnest leadership in tricky times. It is especially silly to knock Mr. Clinton for a supposed excessive fondness for international institutions at a moment when those institutions are America's own chosen rescue vehicles.

In any event, nothing he has done so far in foreign policy is likely to be as important in contributing to any overall judgment of him as the way he handles the crisis re-emerging now over Saddam Hussein's defiance of the arms inspectors. The Cold War may be gone, but the wielding of force for good diplomatic purpose remains the litmus test of a president's conduct of national security affairs. Mr. Clinton can ill afford being seen as the Iraqi president's patsy.

Another part of the congressional attitude is sheer power grab and politics. Unfortunately, Mr. Clinton, Mrs. Albright and com-

pany are not well placed to complain. An aficionado of the Hill, Mrs. Albright loses no opportunity to remind Republicans of the Cold War glory days of foreign affairs bipartisanship under a Democratic president, Harry Truman. But a more recent generation of Republicans appears to remember better the Democrats' indifference to appeals for bipartisanship during the polarizing days of Vietnam.

A final factor behind congressional stiffness lies in what Mrs. Albright identifies as a lingering American tendency to look inward, to complacency. There is such a tendency, much as Mrs. Albright protests it. It is what people around the world are always wondering about.

There is no single or conclusive answer to it. Rather, there is a twin requirement for a president who is internationally minded but who lacks the public's full confidence: not to outrun public hesitation but not to underestimate public readiness to stay engaged, either. This is the balance the Clinton administration must now strike and then convey to a Congress not yet sold on his leadership.

The Washington Post



That's a funny looking palace.

# A Marriage Where Hers Is the Name of the Game

By Paula Span

WASHINGTON — I'd like to propose a toast — hoist those champagne flutes, please — to Brande and David Stellings.

Not just because they are hot-shot young lawyers who, trailing Ivy League degrees and academic honors, are working at two of New York's most prestigious firms.

Not just because they were married recently at the Tribeca

among women with postgraduate degrees, more than three-quarters change their names.

This supposedly romantic tradition — he "gives" her his name — reflects the British and American common law of "coverture," under which a woman lost any legal identity the moment she married.

"She could no longer own property, enter contracts, sue or be sued," explained Deborah Ellis, who teaches the course "Women and the Law" at New York University law school. "She had no right to custody of her children. And taking his name exemplified that."

American legislatures began dismantling coverture 150 years ago, but we are still stuck with this name business.

Of course, there are pragmatic career considerations for sticking with your name.

Understand that I am not unsympathetic to the rationale people usually offer for a name change: two individuals, one name, symbol of commitment and unity, etc. It's the unidirectional nature of the change that bugs me. If a shared surname is about oneness, why don't half the guys who get married change their names?

I also acknowledge that we have not come up with an entirely satisfactory answer to the question: What are you going to name the children? Hyphenating is a short-term solution, unwieldy for one generation and impossible for two. My family's approach is scrupulously egalitarian: We agreed to give a son his surname and a daughter mine, with the other parent's name as a middle name. Thus, our daughter and only child is Emma Katz Span.

But I have to say this idea never caught on with other couples, perhaps because of having siblings with different names. Most separate-surname couples throw in the towel and give the kids the husband's name.

Hence this toast to the pioneering Ms. and Mr. Stellings. One could grow morose about how rarely that happens — rethinking outdated traditions — but this is supposed to be a happy occasion.

More champagne? The Washington Post

## MEANWHILE

Grill in Manhattan, where 105 guests ate fabulous pasta with goat cheese and wild mushrooms.

No, this toast commemorates a single sentence that appeared in their wedding announcement on the society page of The New York Times the following day: "Mr. Soskin will take Ms. Stellings's surname."

David Soskin is now David Stellings, relinquishing his ... well, there is no term, no male equivalent of a woman's "maiden name." The point is, instead of Ms. Stellings changing her name to Soskin, or both parties keeping their last names, Mr. Soskin changed his to hers. He says he likes Stellings better anyway.

This is a bold act for a man — and apt to prompt shock and snickers, as Mr. Stellings is learning. "What are you, crazy?" People invariably thought I was joking," he said.

They warned "that it would be really annoying, having to change my credit cards, change my business cards," he said. "How would people who knew me before find me?" Of course, these are the very annoyances new brides are supposed to be delighted to encounter.

Less-approving colleagues deemed him thoroughly whipped. "They view it as an assault on patriarchy," Mr. Stellings said.

Almost 30 years after contemporary feminism bulldozed the social landscape, the proportion of women who do not adopt their husbands' names is about 10 percent, according to a study done for American Demographics magazine. (That includes those who hyphenate or adopt combinations like Hillary Rodham Clinton.) The young and the college-educated are more likely to keep their names, but even

## LETTERS TO THE EDITOR

### A Partition of Kosovo

Regarding "Don't Encourage Separatist Aims of Kosovo Albanians" (Opinion, Jan. 12) by Jonathan Clarke:

The article is distressing because it shows that Western experts and policymakers have not yet learned the lessons of the breakup of Yugoslavia and the ensuing civil wars in Croatia and Bosnia.

Having in effect lost the war in Bosnia and Croatia, Serbian politicians cannot be seen as giving in to yet another separatist demand. At the same time, Kosovo's Albanian leadership is losing control and young Albanians are increasingly seen as the only option left to them.

One rarely discussed option for a peaceful solution is a partition of Kosovo — the solution that has brought peace to Bosnia.

With careful international mediation and generous compensation packages, partition of Kosovo could be acceptable to both parties, and could hold

at least some promise of long-term stability.

OSKAR LINDSTROM, Jakarta

### On Wooing Smokers

Regarding "Wanted, Young Smokers" (Editorial, Jan. 17):

The editorial says that during the 1970s and 1980s, R.J. Reynolds Tobacco Co. tried "to woo smokers as young as 14."

In the early 1980s, I worked as a consultant for R.J. Reynolds in Cologne in the development of a new cigarette brand that was intended for markets in both Germany and the United States. The target for this brand was clearly defined as "blue-collar workers from 18 to 24." This was to have been an important brand, but it was based on a product innovation that turned out not to work.

Although I found much to criticize about the company's behavior, a nod and a wink were the only acknowledgment of the likelihood of still younger smokers

being attracted to the brand. I was aware of absolutely no deliberate planning to that end.

My only excuse for contributing to that abortive exercise was that R.J. Reynolds had a gimmick: money.

RORY O'KEEFE, Paris

### Debtor-Dominated UN

What good is a United Nations Security Council when it is "veto dominated" by its biggest debtor nation, the United States, which uses it to dictate international bullying tactics?

No organization should give authority and privileges to a member that falls in arrears.

The cash-poor United Nations should establish a rule that any nation belonging to the Security Council would lose participation rights and be given only observer status until it paid all of its delinquent dues.

BECKY GORDON, Lausanne, Switzerland

## BOOKS

### PARADISE

By Toni Morrison. 318 pages. \$25. Alfred A. Knopf.

Reviewed by Michiko Kakutani

TONI MORRISON'S latest novel — and her first since winning the Nobel Prize for Literature in 1993 — addresses the same great themes of her 1987 masterpiece, "Beloved": the loss of innocence, the paralyzing power of ancient memories and the difficulty of accepting loss and change and pain.

It, too, deals with the blighted legacy of slavery. It, too, examines the emotional and physical violence that human beings are capable of inflicting upon one another. And it, too, suggests that redemption is to be found not in obsessively remembering the past but in letting go.

Unfortunately, "Paradise" is everything that "Beloved" was not: It's a heavy-handed, schematic piece of writing, thoroughly lacking in the novelistic magic Morrison has wielded so effortlessly in the past. It's a contrived, formulaic book that mechanically pits men against women, old against young, the past against the present.

The basic dynamic of "Paradise" will vaguely remind Morrison fans of her powerful 1974 novel "Sula," which also looked at conformity and rebellion within an insular community. In the case of "Paradise," the story, briefly, goes like this: A small all-black Oklahoma town that has been reeling from the

racial, generational and political confusions of the 1960s and '70s finds a scapegoat in an all-female household occupying a former convent on the edge of town. There are rumors of abortions and witchcraft and complaints against "this new and obscene breed of female" that dares to be self-sufficient.

One morning, we're told in the opening pages of "Paradise," the men of Ruby decide to take matters into their own hands, and they descend upon the convent with guns, handcuffs and Mace. "God at their side, the men take aim," Morrison writes, "for Ruby."

The remainder of "Paradise" is devoted to explaining who these men are, and what brought their intended victims to the convent in the first place. We learn that the townsmen have never been able to move past their village's history: its traumatic founding by former slaves, who were ostracized by both whites and lighter-skinned blacks, and the determination of its current elders to keep the community isolated and pure, wary of strangers, detached from politics and skeptical of the idealism and anger of the young.

As for the convent women, they are a motley assortment of misfits and fugitives: Connie, a former ward of the nuns, who ran the convent when it was a boarding school for Indian girls; Mavis, a paranoid woman who has fled her dominating husband in the East; Giji, a seductive young woman whose boyfriend is in jail; Seneca, a hitchhiker who has survived abandonment and sexual exploitation; Pallas, a wealthy lawyer's daughter whose lover left her for her mother.

Nearly every one of these characters is a two-dimensional cliché, thin and papery and disposable. Unlike the heroine of "Beloved," who was strong, desperate, loving, vulnerable and angry all at once, almost all the women in this novel are victims: They have spent years grappling with economic hardship, romantic disappointment, social inequity and the stupid misdeeds of men.

The men, on the other hand, are almost uniformly control freaks or hotheads, eager to dismiss independent women as sluts or witches, and determined to make everyone submit to their will. The real battles in Ruby, a character observes, were "about disobedience, which meant, of course, the stallions were fighting about who controlled the mares and their foals."

WHEREAS earlier Morrison novels like "Beloved," "Song of Solomon" and "Sula" fused the historical and the mythic, the mundane and the fantastic into a seamless piece of music, this novel remains an earthbound hodgepodge, devoid of both urgency and narrative sleight of hand. It's neither grounded in closely observed vignettes of real life, nor lofted by the dreamlike images the author has used so dexterously in the past to suggest the strangeness of American history: the novel's one surreal set-piece feels like a hasty afterthought, clumsily grafted on to try to kick the story to another level.

New York Times Service

## CHESS

By Robert Byrne

BORIS Gulko of New Jersey beat Matthew Sadler of Britain in the diagrammed game.

In the Four Knights' Variation of the English Opening, it is unclear whether White can take advantage of 4...Bc5 by 5 Ne5. In a Topalov-Karpov game in Monaco last year, 5...Bf2 6 Kf2 Ne5 7 b3 d5 8 d4 Ne6 9 h3 O-O 10 Bg2 de 11 d5 Ne5 12 Qd4 Nf7 13 Bf4 Qf6 14 Rbd1 Nd3 15 Rd3 cd 16 Qf6 Nf6 17 e4 c6 18 d6 led to a hard-fought draw.

Sadler's 8...Nd4 has the advantage of unblocking the c7 pawn, yet after 9 Ne1 c6 10 e3 Nf5 11 Nf3, the f5 knight puts another obstacle in the way of Black's playing for a kingside attack with a timely ...f5.

After 13 Bb2, Sadler might have played 13...d5 14 cd 15 e4 de 16 Ne4 Ne4 17 de Nd4 18 Nd4 ed because 19 Qd3 can be answered by 19...Bd7, which develops while threatening 20...Bb5.

Gulko's 15 c5? initiated the sacrifice of several pawns to smash the black center. Sadler could not refuse because 15...d5 16 e4 Nd4 17 Nd4 ed 18 Ne2 de 19 Nd4 Bg4 20 Qd2 Qc7 21 de yields White an overwhelming pawn-ahead position.

After 15...dc 16 Ne4?, Sadler was invited to lose a pawn by 16...Ne4 17 de

### ENGLISH OPENING

White	Black	White	Black
Gulko	Sadler	Gulko	Sadler
1 c4	e5	17 Ne5	ba
2 Nc3	Ne6	18 Ba1	Ne4
3 Nf3	Nf6	19 Be4	Qb5
4 g3	Bc5	20 Ne6	Rh7
5 Bg2	d6	21 Na7	Ra7
6 d3	a6	22 Re5	Re6
7 0-0	0-0	23 Qc2	Be6
8 a3	Nd4	24 Bf5	Bf5
9 Ne1	c6	25 e4	Qg6
10 e3	Nf5	26 Rf5	Qf7
11 Nf3	Ba7	27 Qc3	a2
12 B4	Re8	28 Rd5	Rb7
13 Bb2	Rb8	29 Qa3	b4
14 Rcl	b5	30 Qa2	Rb5
15 c5	dc	31 Qa6	Resigns

Ne7 18 Be5. But he grimly continued eating up the enemy queenside with 16...cb while Gulko chewed up the center with 17 Ne5!

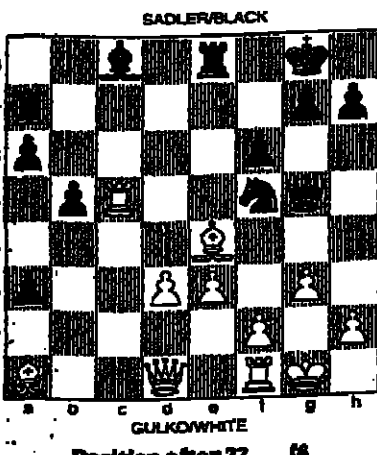
After 17...ba, it would not have been profitable for Gulko to play 18 Ne6?!, ab! 19 Nd8 bc/Q. But that was not his theme; following 18 Ba1 Ne4 19 Be4, Sadler could not defend by 19...Ne7 because 20 Bh7! Kh7 21 Qh5 Kg8 22 Qf7 Kh7 23 Ne6 wins outright.

He should have tried 19...c5?!, relying on the only weapon he had, his powerful queenside pawn mass, to see him through. Gulko would have obtained a very strong mating attack with 20 Qg4?!, but the outcome is still unclear.

Maybe Sadler thought that 19...Qg5? 20 Ne6 Rb7 21 Na7 Ra7 might stabilize the situation with some drawing chances, but he did not foresee the power of the pin with 22 Rc5! What was he to do about the threat of 23 Bf5 Bf5 24 e4, winning a piece? On 22...Qg6 23 g4 Qg6 24 Re5 Qb7 25 gf Re4 26 de, he could not have recaptured with 26...Qc6 because of 27 Qd8 and mate next move.

So he tried the cunning 22...f6, hoping for 23 Bf5 Bf5 24 e4 Bg4, sneaking out. But Gulko would not let him off the hook; after the interpolation of 23 Qc2! Be5 24 Bf5 Bf5 25 e4, Sadler was done for.

He lingered on, but after 31 Qa6 he would have to remain a piece down, and he gave up.



Position after 22...f6

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## Style

TODAY  
STAGE

# At Dior, Galliano's Orgy of Gorgeousness

## Valentino Spins Exquisite Confections in an Exceptional Show

By Suzy Menkes  
International Herald Tribune

**P**ARIS — Two tangoing bodies arched on the grand staircase of the opera house — where an hour later John Galliano took his bow, decked out like a Cuban dancer and in a confetti of paper butterflies.

The passionate, mesmerizing dance before the Dior show Monday, served as a neat metaphor for the brilliant British designer and the illustrious French couture house. They are locked into a delicious two-step, as they build up the decadent enchantment.

For Dior, there is the clout, the bucks and the organization to swag garlands of faded roses across the baroque gilding of the Palais Garnier. And to hire atmosphere-creating extras, from a maharaja with a corsage of diamonds, through a ballet dancer doing Nijinsky in "L'Après-midi d'un faune."

Galliano's role is to dream up this extraordinary scenario, which took the audience to the Venice of the exotic Marquesa Casati — all Ballets Russes Oriental coats and trailing gowns — through an aristocratic English garden, where the models wore necklaces of porcelain plaques around creamy suits.

"Think Titanic, hot knife in butter silhouettes and no surface embellishment — but there has to be a sexual chemistry for the clothes to work," said Galliano of his costume drama.

A shiver of emotion went down the spine at the velvet Scheherazade coat the color of molten marmalade with gem appliques. But much of the historical stuff seemed familiar. So is the overriding impression that Galliano is living in the wrong century.

The orgy of gorgeousness started with a jet-black crinoline sweeping up the stairwell and ended when a model collapsed her huge skirt into a lake of verdigris silk.

What passed as day wear — really delicious cocktail clothes — was pretty, light and romantic, with fine workmanship that wove ribbons into a small jacket with flirty skirt, below a gauzy saucer hat. Frocks coats waltzed toward evening, when Galliano's signature slim gowns just shadowed the body, with floral petit point or rosebuds for decoration.

Although dresses had trains and skirts were given a swoosh of a bustle, clients will dose fantasy with reality.

"First you fall in love with the whole thing — and then figure out how to wear it," said Nada Kirdar, sitting at one of the sweetmeat-strewn banquet tables.

Diana Ross, in lace-up leather pantsuit, said: "It's so exciting — I want everything."

In his third collection for Dior, Galliano can still make people dream and now has a perfect symbiosis with the ateliers. But where are his intense shows leading fashion on the eve of the millennium?

The partnership, like the tango itself, could turn out to be a seductive but fatal attraction.



Galliano's velvet, Ballets Russes-inspired Oriental coat for Dior.

**R**ICHER by \$300 million after the sale this month of his company to HdP (an investment company controlled by the Fiat group), Valentino decided to give the fashion world a gift: a superb collection, rich in decoration but light in spirit.

Judging by their entranced faces and ecstatic praise, it was Christmas in January for the front-row clients. They included a trio of princesses (Rosario of Bulgaria, Marie Chantal of Greece and Fiyal of Jordan) and a Hollywood rising star, Ashley Judd, wearing a brief feather-trimmed Valentino dress.

"What confections! They look like they were spun out of angel hair and fairy wings," she said.

That was a pretty accurate description of the slender cocktail dresses with cascades of crystal beading, cobwebs of flower-embroidered lace or arwinkle with mother-of-pearl. Although the silhouette was mostly slim, the finale included a cream, leather bustier rising from waves of oyster taffeta.

The secret of the collection's success was that in Valentino's swanky new premises on Place Vendôme, the in-

imate show recovered couture's soul. Into focus came every detail from silver hair combs smoothing Claudia Schiffer's goldlocks, through a conch-shell purse and dainty red-and-white mules.

Perhaps because Valentino knew that he didn't need to dress a blockbuster show, everything had a patina of discretion: the delicate jet embroideries and the way that a faded-flower pattern would be veiled in tulle — just as the gilded mirror and marbled mantelpiece were screened with a scrim.

"I took the idea from a book showing Russian summer clothes," said Valentino, referring to the tulle and point d'esprit and the featherlight summer furs. Sometimes they were feathers, like the necklet dyed to the same pot-pourri colors as the floral underdress.

This was not revolutionary or so-called "modern" couture; it was genuine couture, that was both beautifully executed and wearable. The tubular, slightly 1920s, cocktail dresses started, but the day wear was also pretty, with suit jackets shaped with pin tucks, edged in glass fringing or pleated satin.

At the after-show dinner — all ivy-

covered candelabra and fragrant jasmine bushes — Princess Fiyal summed up the client mood.

"The workmanship was amazing," she said. "Valentino is the king of evening dresses. This is couture — and that is refreshing to see."

But are culottes couture? It is hard to remember why the divided skirt was invented. For women golfers? For horseback riders?

Everything in Gerard Pipart's show for Nina Ricci spoke of a distant era when women wore billowing silk in Biarritz and tied scarves around their hats on a breezy day. He sent out divided skirts as coin-dotted palazzo pajamas or as long, pleated culottes.

The sporty elegance of a bygone era seems a quaint way to celebrate the 50th anniversary of the famous Ricci fragrance L'Air du Temps.

Mariano Puig Jr., heading Nina Ricci since the Spanish Puig family bought the couture house from Sanofi last month, said he expected to make changes by the end of the year. And the couture?

"It has a role," he said.



Thierry Mugler's precision-seamed black denim two-piece.



Emanuel Ungaro's delicate ribbon-and-lace dress.



Dominique Sirop's silver bustier on pin-striped suit.

## Intimate Couture

International Herald Tribune

**P**ARIS — Karl Lagerfeld's withdrawal to the Rue Cambon fashion house for the Chanel show on Tuesday marks a defining moment for haute couture. The designer who put a show-biz spin into high fashion 15 years ago, now says: "Couture should go private again — it should be for the happy few."

Valentino also retreated, to his new Paris premises, and Thierry Mugler created a salon ambience within a tent. Even when shows are still staged, like Ungaro's, in the Grand Hotel ballroom, they have come close to floor level.

Why? Because intimate couture shows the exquisite details and intricate cuts. Here are close-ups taken from the weekend shows.



Valentino's featherlight double layers with lace underdress.

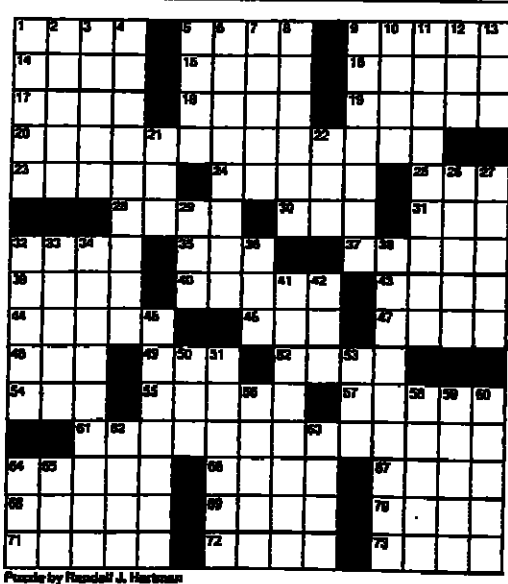


Ashley Judd, left, and Marie Chantal of Greece at Valentino's show.

## CROSSWORD

**ACROSS**

- 1 Literary lioness
- 3 Open a crack
- 5 Stealing red
- 6 Painter of Imp watches
- 8 Rational
- 9 Elicit
- 17 Road, for Romulus
- 18 Signs
- 19 "Crown my Chevy to the... (1972 lyric)
- 20 1991 feminist movie
- 22 Old photo
- 24 Skin layer
- 25 Radical 60's org.
- 26 For the taking
- 28 Gino's looking
- 31 4:00, in Kent
- 32 300-pound President
- 33 Dog's drink, or resting spot
- 37 Bkln alternative
- 38 Cough of the English horn
- 40 Work, as dough
- 43 Approximately
- 44 Valerie Harper series
- 46 "Much — About Nothing"
- 47 Certain grains
- 48 It thickens the plot
- 49 Snowball in "Animal Farm"
- 52 Rounds, say
- 54 Mythical monster
- 55 Eye opener
- 57 Balance sheet plus
- 61 Cartoon muggles
- 64 Reluctant
- 65 Zeno's home
- 67 Takes care of the squeaky wheel
- 68 Come together
- 69 Armed Forces option
- 70 Sunburn woe
- 71 It's all in the family
- 72 Fire
- 73 Ferber of "Show Boat"
- 80 Trustful
- 81 Singer Burl
- 82 41-week best seller, 1970-71
- 83 Barely manage, with "out"
- 84 Gidget portrayed Sandra
- 85 Delate
- 86 Actress Thurman
- 87 Thickheaded
- 88 Powdered lard
- 89 Ecological succession
- 90 Princess tormentor
- 91 Some check it daily
- 92 Early outposts
- 93 Suffix with star or tear
- 94 Side in many a western
- 95 Type
- 96 Lead ore
- 97 Screen siren West
- 98 "Chill"
- 99 Went down a slope
- 99 "Sea of Love" star Berlin
- 99 Physician Nikola
- 99 Noisy birds
- 99 Blockhead
- 99 Early afternoon



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**DOWN**

- 1 Blue-pencils
- 2 Shop tool
- 3 Result of counting sheep
- 4 Delivered by a Huey Cobra
- 5 Home of 3.5 billion
- 6 "Surf City" singers, 1963
- 7 It's just over a foot
- 8 Martha's Vineyard, in the summer
- 9 Recall
- 10 Liberate
- 11 Email
- 12 Beso
- 13 Woe
- 14 Jolly
- 15 Greengiant
- 16 Aerie
- 17 Attire
- 18 Tryst
- 19 Sro
- 20 Happy warrior
- 21 Spec armor
- 22 Idle
- 23 Mega
- 24 Cocoa
- 25 Feed
- 26 Upon
- 27 Adapt
- 28 Taos

# High Fashion and the Asia Effect

International Herald Tribune

**P**ARIS — Is it a catastrophe, a crisis — or possibly an opportunity for a smart manager?

Those are the questions absorbing the high-fashion moguls as they examine collapsing currencies and shrinking markets across Asia.

It is a given that the couture shows are the apex of a luxury pyramid built on brand products, often under license. Between 35 and 50 percent of the luxury business and all the recent growth has been in Asia. Yet the general view is that the high-performance brands (currently Hermes, Louis Vuitton, Prada and Gucci) will hold up if Japan and its tourists in the Southeast Asian region continue to buy.

Bernard Arnault, chairman of LVMH Moët Hennessy-Louis Vuitton, France's most powerful luxury conglomerate, said Sunday that the situation of his publicly quoted empire was not as dramatic as was generally assumed.

"It is very complex," he said. "Our figures are slightly down, but not badly and Louis Vuitton is doing very well even in Korea. Because of the devaluation, the hotels have become very cheap for Japanese tourists. In Hong

Kong, we have the opposite situation. But then again, the duty-free stores are doing well in Guam."

An LVMH executive, who did not wish to be quoted, said that the duty-free stores would have to juggle the downturn in Hong Kong and Honolulu with the tourist markets benefiting from devaluation and that Arnault's strategy behind DFS Group Ltd.'s bid for Barneys in New York, was to better balance the group between three continents.

Ralph Toledano, president of Guy Laroche, who returned from Korea a week ago, is less sanguine, saying that the country had been hit as though by an economic bomb. The two overriding problems: Tottering banks could no longer open letters of credit to import goods, and prices would double because of the devaluation. The only bonus: Retail space is now cheap and available.

"In Europe, people tend to be treating the Asian crisis with insouciance," he said. "But even the Japanese market is not so good. And for people who have licensed products — that 1980s system — the situation will be very difficult unless they can build comparable markets in America and Europe."

Laroche does 50 percent of its licensed

products in Asia, 70 percent of that figure in Japan, but Toledano unscrambled a former partnership with the Hong Kong entrepreneur Dickson Poon (the other bidder for Barneys) a year ago.

In Hong Kong, things are grim. According to several fashion houses, Joyce Boutique has asked suppliers to halt current spring deliveries that are not yet in production. In Milan last week, Roberto Dominici, Joyce's managing director, said that he expected things to stabilize by June and return to normal by the following year and that he hoped people would be tolerant.

The rumor mill claims that one leading Italian brand that has expanded rapidly in Asia was citing cash-flow problems to staff as a reason for withholding payments for 90 days to avoid layoffs.

Singapore is also a troubled market, according to Giancarlo Giammetti of Valentino, where 40 percent of the company's 1997 1.8 trillion lire (\$1 billion) retail turnover was done in Asia. He said that two of their 14 boutiques had closed "overnight," but that he had great confidence in Japan.

Suzy Menkes







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EUROPE

## Pound Rises As Inflation Fears Grow

**Bloomberg News**  
LONDON — The pound gained against the Deutsche mark Monday amid expectations the Bank of England will raise interest rates as evidence of strong retail sales fuels concern about inflation in Britain. Better-than-expected Christmas sales will probably increase December retail sales figures, which are scheduled for release on Wednesday, and prompt the central bank to lift rates, economists said. In addition, a survey by the research firm Dun & Bradstreet Inc. showed that 61 percent of British companies expected to raise prices this quarter. "Rates are going up once, and maybe twice," said Francis Breeden, economist at Lehman Brothers. "Unfortunately, in the U.K. we have price pressure and strong growth, so we've got a problem." Five interest rate increases last year, pushing the benchmark rate to 7.25 percent, have not slowed inflation. The retail sales report is expected to show that retail sales rose 0.4 percent last month, reversing a decline in November, according to economists. Expectations for higher rates helped lift the pound to a close of .0043 DM, up from 2.9911 DM on Friday. The pound at one point traded as high as 3.022 DM, its highest since reaching 3.0289 on Aug. 7. Against the dollar, it rose to \$1.357 from \$1.6340 in London trading. U.S. markets were closed for a holiday.

## Bidding War Erupts for Allied Colloids Group

**Compiled by Our Staff From Dispatches**  
LONDON — A high-stakes bidding war for control of Allied Colloids Group PLC erupted Monday, with Hercules Inc. raising its hostile bid twice, to \$2.2 billion, to try to thwart a white-knight offer from Ciba Specialty Chemicals Inc. Hercules made what it called its final offer of 195 pence (\$3.19) a share for Allied Colloids, countering a bid from Ciba of \$2.05 billion, or 182.5 pence a share. Ciba said it may increase its offer. Allied Colloids shares soared as the fight over the company mounted and closed the day 17 percent higher at 196.5 pence. "The market is now assuming there will continue to be a bidding war and neither party will go away," said Robert Friedman, senior vice president of Franklin Mutual Advisers.

## Hercules Inc.'s Latest Offer of \$2.2 Billion Passes Ciba's

Hercules, which has been fighting for control of the British specialty chemicals group since November, insisted its latest offer was more than acceptable. "Our second final offer of 195 pence per share in cash is more than generous, and we are confident that shareholders will see it as such," Hercules's chairman and chief executive, Keith Elliott, said. But shareholders of Allied Colloids, who have seen their stock rise in value by more than 50 percent since the original Hercules bid was announced, were advised by the company to sit tight. Allied Colloids said it had urged shareholders to "take no action" and that "a further announcement will be made as soon as practicable."

Both Ciba and Hercules want to expand in higher value-added specialty chemicals, and British assets seem cheap right now, analysts said. "Clearly, Allied Colloids would be a strategic long-term acquisition, and any predator should be prepared to meet the market price," said Martin Evans, an analyst with Sutherland Ltd., a British brokerage. But one London-based analyst said a match between Ciba and Allied Colloids was not an obvious one, with Colloids based in the niche area of soluble polymers used for water and sewage treatment as well as by the textile and paper industries. Ciba's strengths are concentrated in areas such as additives, pigments and dyes. "People will have to look quite

hard at the real value to Ciba of the deal," the analyst said. "It could be there, and it is a good business, but they are paying quite a high price for it." But a Swiss analyst said there were synergies between Ciba, which was spun off from Ciba-Geigy AG when it merged with Sandoz to form Novartis in 1996, and Allied. He said Ciba had about \$2 billion available to make a bid. It also has significant British operations that could be merged with Allied's. "From a financial point of view, Ciba's bid makes a lot of sense," said Wilhelm Blaener, an analyst with Pictet & Cie. "I'm not sure there's much strategic logic, though, because some of Allied's products aren't very attractive." (Bloomberg, Reuters)

## Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
4500	4500	3100
4300	5300	3000
4100	5150	2800
3900	5000	2600
3700	4850	2700
1997	1997	1997
Exchange Index	Monday Close	Prev. Close
Amsterdam AEX	949.85	938.05 +1.26
Brussels BEL-20	2,510.60	2,493.30 +1.10
Frankfurt DAX	4,284.94	4,184.46 +2.40
Copenhagen Stock Market	701.82	697.18 +0.67
Helsinki HEX General	3,444.55	3,419.68 +0.73
Oslo OBX	656.49	644.70 +1.83
London FTSE 100	5,273.60	5,263.10 +0.20
Madrid Stock Exchange	675.56	674.11 +0.22
Milan MIBTEL	18274	18368 -0.51
Paris CAC 40	2,986.95	2,976.05 +0.36
Stockholm SX 15	3,244.95	3,210.74 +1.07
Vienna ATX	1,288.44	1,264.32 +1.91
Zurich SPI	3,932.35	3,891.12 +1.06

## Very briefly:

- Suedwestdeutsche Landesbank Girozentrale, in a merger of German state-owned banks, is combining with Landesbank Baden-Wuerttemberg.
- Deutsche Morgan Grenfell hired former Bill Harrison, a former chief executive of BZW, to head its global corporate advisory operations.
- Guinness Peat Group PLC bid £42 million (\$68.8 million) for the troubled toy maker Bluebird Toys PLC.
- Mannesmann AG is merging its large-pipe operations, run jointly with Dillingier Huettenwerke, with those of British Steel PLC.
- The European Commission said it had made progress in negotiations with France on a new aid plan for the troubled state-owned bank Credit Lyonnais.
- OPEC countries' oil output rose 7.3 percent in 1997, but revenue from oil sales rose only 3.5 percent, the specialist oil weekly Petrostrategies reported.



Denis Ranque is to replace Marcel Roulet at Thomson-CSF.

## Young Insider to Get Top Job at Thomson

**Compiled by Our Staff From Dispatches**  
PARIS — The French government on Tuesday will appoint Denis Ranque as head of the defense-electronics company Thomson-CSF, officials of the government and the company said Monday. After weeks of indecision, the government has opted to appoint someone from within the group, the officials said. Mr. Ranque, 46, now the managing director of Thomson Marconi Sonar, would replace Marcel Roulet, who is to retire at the end of January. Mr. Ranque's main task will be the partial privatization of the new Thomson-CSF group in the context of a merger decided in October with Alcatel Alsthom SA, Aerospatiale and Dassault Industries SA. Thom-

son-CSF officials said that the appointment would be made at a board meeting to be held Tuesday. The business newspaper Les Echos reported that the appointment of a young executive from inside Thomson-CSF was a signal that the government wanted to "assure the cohesion of the group," whose executives have feared it would be dismantled. Mr. Ranque, a product of two of France's most prestigious engineering schools, worked in the Industry Ministry and then moved on to the state-owned Thomson group in 1983 as head of planning. In 1989, he became director general of Thomson Tubes Electroniques and then president and managing director of Thomson Sintra ASM. In 1997, he became president

of Thomson Marconi Sonar, a venture owned 50.1 percent by Thomson-CSF and 49.9 percent by General Electric Co. of Britain. The French government owns 58 percent of Thomson-CSF, which is in the midst of a major restructuring as part of a consolidation of the French defense industry. Alcatel Alsthom, Aerospatiale and Dassault Industries are joining Thomson-CSF as strategic partners in a capital and industrial reorganization to be undertaken later this year. The creation of a new Thomson group, enriched by the participation of Dassault, Alcatel and Aerospatiale, is expected to be completed by spring. The group will be worth more than 50 billion francs (\$8.15 billion). (AFP, Reuters)

## MERGERS: Frenzied Pace for U.S. Acquisitions

Continued from Page 11

simply have so much trouble digesting their partners that any hunger for further acquisition will vanish. "What could derail this?" asked Steven Helle, head of global mergers at Goldman, Sachs & Co. "An upward movement in interest rates, a downturn in the stock market, a worldwide credit crunch, an industrial recession. If those things happened, we could see a change. Or it could be something that just comes out of the blue." What is taking place at the end of the 20th century is a reprise of the industrial upheavals that took place at the beginning of the century, when more than two dozen auto companies merged in 1908 to create General Motors Corp. and when the financier J.P. Morgan paid \$4 billion in 1901 to acquire Carnegie Steel and dozens of others and created U.S. Steel Corp. The U.S. Steel combination set a record that remained unbroken for more than half a century. Today, billion-dollar deals are far more common. In 1997, there were 156 mergers of \$1 billion or more — 60 percent more than just a year earlier, according to the research firm Securities Data Co. In just the last three years, more than 37,600 companies joined hands, completing more combinations than in the entire decade of the 1980s, once considered the high point for mergers. "The whole private sector of our economy has undergone a truly unbelievable transformation," said Richard Huber, chief executive of Aetna Life & Casualty Co., which has become America's largest managed health-care company through mergers, including the \$8.9 billion acquisition of U.S. Healthcare in 1996. "Companies have decided to go for size." Mr. Huber said. "They've made a decision to go for big scale or fall back and be a niche player. There is no middle ground." As a result, many industries are finding themselves with fewer but bigger companies, each one usually taking a bigger market share. For example, mergers have reduced the number of large military contractors to three — Boeing Co., Raytheon Co. and Lockheed Martin Corp., which was created from five companies and is pursuing a sixth. Federal regulators have seen a doubling in the number of so-called Hart-Scott-Rodino filings — the paperwork that is required for all proposed mergers exceeding \$15 million — in five years, to 3,700 for fiscal 1997, which ended Sept. 30. The economic turmoil in Asia has not yet dampened the trend. Since the Asian problems intensified in October, merger filings with the

government have steadily increased each month, said Connie Robinson, director of merger enforcement at the Justice Department. In the opening days of 1998, the telecommunications industry continued its hot streak with AT&T Corp.'s \$11.3 billion offer for Teleport Communications Group and SBC Communications Inc.'s \$4.4 billion offer for Southern New England Telecommunications Corp. The rationale behind such combinations is different from what motivated the merger barons at the beginning of the 20th century. It is also different from the motivation of the hostile takeover artists who roiled corporate America in the 1980s. Today's mergers are driven by a desire to gain global, not just national, reach. Moreover, many acquiring corporations have benefited from the surging U.S. stock market, raising the value of shares that are often used as currency in acquisitions. After nearly a decade of reorganizing and downsizing, U.S. corporations realize they cannot wring any more profitability through cost cuts and layoffs but need to join forces — often with former rivals — to remain industrial leaders and protect their bottom lines. "All the cost-cutting and downsizing that took place in the early 1990s, for which business was so soundly criticized, is finally paying off," said Robert Cotter, co-head of mergers at Salomon Smith Barney. In the 1980s, many takeovers were hostile deals that were heavily financed by debt and were based on breaking up corporations and selling their parts. Today's mergers, however, are usually aimed at building companies and are financed primarily with corporate stock, not borrowed money. Meanwhile, Cold War uncertainties have been replaced around the world with a desire to achieve a rising standard of living — which opens markets for U.S. products, services and expertise. "In the 1980s, people talked about globalism but weren't acting globally," said Anthony Magro, head of the merger department at Bear, Stearns & Co. "Now they are. American business used to ask 'What is wrong with us?' But Europe goes into a slump. Japan goes into a slump. Capitalism wins, and the Cold War ends. There is American business left standing alone with a rising stock market and the world appearing to be its oyster." An example of how these factors came together is the \$6.9 billion takeover of Fort Howard Corp., a paper company, by James River Corp. of Virginia, a former competitor, creating Fort James Corp., now the nation's No. 2 consumer paper company. The deal brings together complementary product lines, Fort Howard's superior manufacturing lines and James River's marketing prowess to better take on the bigger Kimberly-Clark Corp. and Procter & Gamble Co. "This is a merger of co-equals who are better off together than apart," said Chief Executive Miles Marsh. "It pushes us forward in that grand opportunity that lies ahead of us called worldwide growth." In the last five years, there have been 2,492 mergers worth more than \$200 billion among commercial banks, 1,435 deals worth \$162 billion in radio and television, and 5,114 deals worth \$110 billion in the insurance industry, according to Securities Data. Other areas with heavy merger activity in the last five years are health services, with \$107 billion in deals; investment brokers, \$104 billion; utilities, \$100 billion; oil and gas refining, \$96 billion, and hotels and casinos, \$84 billion. So far, little concern has been expressed either in Washington or in academic circles. The government has shifted its antitrust policy from well-known rules that restricted big mergers to a more flexible economic analysis that allows more big companies to unite. Still, not all deals pass muster. The Federal Trade Commission, for instance, halted a proposed \$4 billion merger last year between Office Depot Inc. and Staples Inc., the two largest U.S. office-supply retailers. While the move surprised many, Mr. Pitofsky said the denial had come about because evidence showed that consumers in areas where there was only one office supply store paid higher prices than consumers in areas with competition.

## Merger Rumors Buoy Allied Domecq's Shares

**Bloomberg News**  
LONDON — Allied Domecq PLC's shares rose 4.78 percent Monday on speculation that it might merge its alcoholic drinks business with that of Seagram Co. Allied Domecq, a beverage and retailing company based in London, has also talked with other spirits companies and, although no merger is expected immediately, the Canadian company Seagram is the most likely partner, people familiar with the situation said. A merger would bring together Allied Domecq's brands like Ballantine's scotch whisky and Beefeater gin, and Seagram's Chivas whisky and Mumm Champagne. "I think it will happen, but not right away," said Philip Hawkins, analyst at Merrill Lynch. "There are a lot of problems to overcome and the purchase of Dewar's or Bombay gins by one or both of the companies could cause delays. It's likely that you would see an interim joint venture or distribution partnership with a view to a full merger." The companies declined to comment on the speculation, even as Allied shares rose 26 pence, to close at 570 pence (\$9.33). Allied's chief executive, Tony Hales, said in November that consolidation was "absolutely inevitable."

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CONQUEST



## THE AMERICAS

## Kingston Chiefs Give Softbank a Big Break

By Andrea Adelson  
New York Times Service

NEW YORK — "Talk is cheap," says John Tu, chief executive and co-founder of Kingston Technology Corp., who sought to show in December 1996 that he was not stingy by handing out \$100 million in bonuses to 500 employees.

Now, Mr. Tu and David Sun, two engineers from Taiwan who founded Kingston in 1987 and built the company into the world's largest maker of computer memory boards, are putting their business ethics into practice again, but with a new twist. This time, their generosity has increased more than threefold, to \$333 million. The recipient, though, is Softbank Corp., the Japanese software company that paid \$1.5 billion for an 80 percent stake in Kingston in August 1996.

In an unusual combination of sellers' remorse and corporate fealty, the two Kingston founders agreed to forgo the final \$333 million in payments that Softbank owed them this month and last. Instead, they agreed to revise the terms of their company's acquisition, even without a contractual obligation to do so, because Kingston's earnings have failed to meet expectations.

In lieu of a final payment, Softbank agreed to pay Mr. Tu and Mr. Sun \$450 million if Kingston's annual earnings averaged \$300 million over the next seven years or if Kingston were sold or went public with a valuation of \$1.8 billion or more.

"We could do nothing and say 'a deal is a deal,'" said Mr. Tu. "But on the other hand, there is partnership loyalty. That's who we are. This is the time we should show this is a long-term partnership."

Ronald Fisher, vice chairman of Softbank's American operations, said no pressure had been applied to Kingston's founders. "The request to sit down and put the earnings back on the table came at their urging," he said.

David Smith, portfolio manager for Newport Pacific Management in San Francisco, said the new terms allowed Softbank to conserve the cash needed to sustain its growth-by-acquisition strategy. He said he sold 7,500 Softbank shares in October for 30 million yen (\$230,000), a 33 percent loss, because the company's growth prospects had slowed.

The revised terms may silence some of Kingston's critics, who suggested the founders were cashing out with the Softbank deal and abandoning their uncommonly egalitarian corporate culture.

"Now, we're proving that's not true," Mr. Tu said. "Money's not everything. It's people, relationships, fairness." Mr. Tu and Mr. Sun remain Kingston's top two managers.

While sharing their buyout windfall with employees earned Kingston's founders fame, the employees of the company, which is based in Fountain Valley, California, have long had an unusual working environment. Mr. Tu and Mr. Sun are known for handshake deals, for not imposing a dress code, for making lunches at the company free on Fridays and for sitting at cubicles like the rest of their employees.

Of course, Mr. Tu and Mr. Sun do have an interest in seeing Softbank thrive. Besides retaining 20 percent of Kingston, they own 5 percent of Softbank, making them the second-largest shareholders after Masayoshi Son, the company's president.

The renegotiation of the Kingston deal comes at an opportune time for Softbank. About 70 percent of the company's operating profit comes from its American acquisitions, which, besides Kingston, include the huge Comdex personal computer trade show and the Ziff-Davis computer publications.

Mr. Smith of Newport Pacific said it was hard to see how Softbank's buying binge could continue. In November, the company said earnings for its financial year ending March 31 would be considerably lower than expected. Meanwhile, Softbank's stock, which trades in Tokyo, has plummeted from a peak of 12,307 yen in April 1996 to close Monday at 4,370 yen 500.

There appears to be no dispute that the revision of the deal benefits Softbank, but Mr. Tu denies that was a motivation. "We weren't thinking about helping them to make their stock look better," he said, nor were his assets the concern when agreeing to the new terms. "If I was worried about myself," he said, "I'd say, 'Take the \$300 million.'"

Very briefly:  
U.S. Businesses See  
Rising Health Costs

WASHINGTON (Bloomberg) — Business health costs rose just 0.2 percent last year after a surge in enrollment in managed-care plans, according to a study released Monday.

These plans, though, reeling from years of absorbing rising medical costs to win customers, are expected to raise premiums sharply this year to combat declining profits, according to the study by the consulting firm William M. Mercer Inc. Businesses are budgeting for an average increase of 7 percent in their health benefit costs this year, the study said.

• Cambior Inc., a Quebec gold mining company, agreed to buy the 50 percent of the Doyon Mine that it did not already own from Barrick Gold Corp. for \$95 million. Cambior will also swap its 50 percent interest in its El Coco exploration property in northwestern Quebec for certain Barrick interests in properties adjacent to the Doyon site.

• Jefferson Smurfit Group PLC, an Irish paper and packaging company, said its Mexican subsidiary, Smurfit Carton & Papel de Mexico SA, had sold its plastics division to the U.S.-based packaging maker Owens-Illinois Inc. for \$8.4 million. Jefferson Smurfit said the sale was part of its plan to focus on its core paper and paper-based packaging business.

## Sending Web Pages Faster

Intel Planning to Offer Software to Help PC Chip Sales

SAN FRANCISCO — Intel Corp. is planning to introduce software that will speed up the delivery of graphically intensive Web pages over the Internet.

Intel said Monday that two Internet service providers, NETCOM Communications Inc. and Erol's Internet, had signed up to offer the software as a premium feature of Internet access, and deals with other Internet access providers are expected soon. Intel also enlisted the distribution company GlobalCenter.

The software, called Intel QuickWeb Technology, is sold directly to and installed on the servers of the Internet providers and requires only a setting change on consumers' browser software.

QuickWeb was designed by Intel's Architecture Labs and Internet service providers will charge users

about \$5 extra a month for the technology.

Intel said its software would be marketed mostly to small-business users and power users at home, not necessarily cost-conscious consumers. It may also target corporate users.

"In our market trials in October and November, 10 to 20 percent of users said they would sign up for it," said David Preston, Intel's marketing manager for QuickWeb.

Mr. Preston said he hopes to turn the software into a viable business. Intel's ultimate goal, though, is to make multimedia and graphically intensive PCs faster and easier to use, thus driving more chip sales.

"It caters to Intel's direction of delivering video and graphics on the PC," said Gary Arlen, president of Arlen Communications in Bethesda, Maryland. "Fast is good."

CEO Steps Down  
At Circus Circus

Bloomberg News

LAS VEGAS — Circus Circus Enterprises Inc. said Monday that its chairman and chief executive, Clyde Turner, had resigned after four years and would be replaced by the chief operating officer, Michael Ensign.

The company, which owns the Circus Circus, LUXOR and Excalibur casinos in Las Vegas, said it would take a charge of about 8 cents a share in its fourth quarter to settle Mr. Turner's employment contract.

Intel said the software works better on Web sites with photos, drawings and other graphics, rather than on text-based Web sites. Users lose a small amount of resolution on the screen.

## WORLD STOCK MARKETS

Monday, Jan. 19

Prices in local currencies.

High Low Close Prev.

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Previous: 294.15

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ASIA/PACIFIC

# China on the Edge: Region's Crisis as a Spur to Reform

China has so far appeared immune to East Asia's financial turmoil and the specter of a sharp economic slowdown. On a visit to Singapore, Ezra Vogel, director of Harvard University's Asia Center, discussed China's prospects with Michael Richardson of the International Herald Tribune.

Q: The financial turmoil in East Asia has hit many countries very hard. China seems to be a bastion of stability. How strong is it really?

A: China has had the good fortune of having a currency that is not fully convertible. Paradoxically, because the Chinese haven't made that reform, they have been less vulnerable to the region's financial problems and the pressures from currency traders.

Because they have that cushion, the international crisis of confidence in many of East Asia's economies has not had much effect on China.

However, China has weaknesses that are precisely similar to those of Southeast Asia. The Chinese authorities now are very anxiously working on problems of bad debt and state enterprise reform to avoid any worsening of their own economic situation. They are running very frightened.

## Q & A / Ezra Vogel, Asia Scholar

Q: What impact is the trouble in Asia having on China?

A: I think that the impact of those problems will be to push the reforms faster. China will slow down its moves to make its currency fully convertible. But it will speed up the effort to deal with the problems of bad loans in the banking system and reform of loss-making state enterprises. They want to avoid the problems they see in Southeast Asia.

Fortunately, China has opened up since 1979. Its economic managers have enough understanding of outside developments that they are able to respond more quickly and appropriately. China has very large financial reserves — about \$140 billion of foreign currency — so it's in a relatively strong position at the moment.

Q: There have been very large currency depreciations in many East Asian countries, including those that are often in head-to-head competition with China for export market share. Won't that put China under a lot of pressure to devalue the yuan, lest it risk losing

out in its all-important export drive?

A: Yes, it will. China is in competition for a number of its industrial exports with that part of the world. An industry like furniture manufacturing in Southeast Asia or China, where most of the inputs are local and where lower pricing arises from depreciation, will make a huge difference. Already buyers are moving very quickly to Southeast Asia to secure things like furniture and certain kinds of electronic products. That will add to the pressure on China for devaluation.

A second factor is domestic. If China wants to push ahead with state enterprise reform, it's going to cause a lot of hardship. Many people will be laid off. There will be social unrest. As a result, local political leaders will say: "The pain is too much. We are in danger of having social chaos. The solution is devaluation."

Later this year, as China begins to face difficulties with unemployment again if its exports start to decline, there will be loss of pressure to devalue.

At the same time, China understands that

devaluation would have a terrific impact on Southeast Asia and that it would adversely influence relations with that part of the world.

Q: China's bilateral trade surplus is already a major political issue in America. Wouldn't a devaluation only increase it and harm relations with the U.S. as well?

A: I don't think a devaluation would have that big an impact on U.S.-China relations. Chinese exports to the U.S. are already very large. It's going to be more of an East Asia problem than a China problem. Because of the currency depreciations in East Asia, exports from all over the region will flow into the U.S. on an enormous scale.

Q: If China devalued and Southeast Asia's problems became more acute, how would it affect Beijing's relations with the region?

A: That's where the real problem comes. A Chinese devaluation may touch off a new round of devaluations in Southeast Asia which would cause another round of difficulties for the region.

In certain countries, particularly Indonesia, where social unrest has already been fairly high, the dangers of anti-Chinese actions reminiscent of the late 1960s could again become very serious.

## Investor's Asia

Hang Seng	Singapore Straits Times	Tokyo Nikkei 225
17000	2000	20000
15000	1750	17500
13000	1500	15000
11000	1250	12500
9000	1000	10000
7000	750	7500
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3000	250	2500
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## Scandals and Soft Markets Hit Japan Brokers' Results

Compiled by Our Staff From Dispatches

TOKYO — Hit hard by a high-profile racketeer, payoff scandal at home and financial turmoil in Asia, Japan's top three securities houses posted steep losses Monday for the last quarter of 1997.

Nomura Securities Co., Japan's largest brokerage, posted a loss of 27.8 billion yen (\$215.1 million) for its third quarter, which ended Dec. 31. For the first nine months of its financial year, Nomura said parent company current, or pretax, earnings tumbled 83 percent, to 21.5 billion yen. Revenue fell 34 percent, to 241 billion yen.

Daiwa Securities Co. reported a pretax loss of 12 billion yen for the quarter. For the nine months, profit fell 83 percent, to 7 billion yen, while sales fell 12.5 percent, to 200 billion yen.

Nikko Securities Co., the third-largest brokerage, reported a loss of 16.9 billion yen for the quarter and a loss of 14.8 billion yen for the nine months. Revenue fell 22 percent, to

158 billion yen. Takamichi Arata, a Nomura director, attributed that company's loss to a sharp fall in commission income in the wake of the company's involvement in the so-called *sokaiya* payoff scandal and a slump in the stock market during the period.

Nomura, the first Japanese brokerage to be caught up in the payoff scandal, was hit by administrative penalties imposed by the Finance Ministry in July and was suspended from stock trading on its own account until the end of 1997.

Payoffs to corporate racketeers, or *sokaiya*, who extort money by threatening to disrupt shareholders' meetings or by offering to prevent others doing so, are illegal under the Commercial Code.

Penalties against Daiwa and Nikko were announced in December, but some customers stopped placing orders with them in September, when their offices were raided by prosecutors because of suspected involvement in the payoff scandal.



Takehiko Isaka, director of Japan Public Highway Co., being taken to a detention center after his arrest along with two Nomura officials on suspicion of involvement in a bribery scheme.

"It was a tough quarter," said Shinichi Yamamura, managing director at Daiwa, "and we're looking for it to continue to be tough from here."

Japan's financial industry has become a drag on its economy as companies find it more difficult to

## Japanese Failures Leave Record Debt

Reuters

TOKYO — Bankrupt Japanese companies left record debts of 14.4 trillion yen (\$110.6 billion) in 1997, 73 percent more than in the previous year, as poor economic conditions triggered the collapse of several large companies, a research firm said Monday.

"We have seen a new pattern of large-scale bankruptcies emerge in 1997, with the number of failures among publicly listed companies reaching 14 and failures of some bank-affiliated firms," Tokyo Shoko Research reported.

The 1997 debt figure was far above the previous record of 9.2 trillion yen set in 1995, the research firm said in its annual report.

The number of Japanese companies that went bankrupt in 1997 increased 10.9 percent from 1996, to 16,464, and even more are expected to fail in 1998, the report said.

It said the Japanese economy continued to be affected by a consumption tax increase last April that caused consumer spending to decline.

## Thailand Cracks Down on Illegal Workers

Compiled by Our Staff From Dispatches

BANGKOK — Thailand plans to deport 300,000 foreign workers over the next six months as part of a plan to repatriate 1 million illegal immigrants to free up jobs for Thais, the government said Monday.

"This is our country, and we want to take it back," said Labor Minister Trairong Suwanakiri. "Before, we didn't have enough local workers. Now, the situation has changed."

The deportation is part of a seven-part program introduced by the government of Prime Minister Chuan Leekpai in an effort to ease the impact of the country's economic crisis on its residents. Unemployment is expected to rise to 2

million people by the end of the year.

The crisis in Asia has sparked a backlash against foreigners. In Malaysia last week, Prime Minister Mahathir bin Mohamad said 1 million foreign workers would have to go home as Kuala Lumpur dealt with its own economic crisis. But over the weekend, he assured President Suharto of Indonesia that he would not worsen Indonesia's economic crisis by sending home all its workers.

Thailand plans to send home about 986,000 illegal foreign workers — most of them from Burma — by 1999.

Under the plan, employers of illegal workers will be given 45 days to prepare for their repatriation, and those who fail to comply with the order will face legal

action. In addition, the work permits of an estimated 290,000 legally registered foreign workers will not be renewed.

The plan also called for the setting up of four temporary shelters along the border with Burma to hold workers awaiting repatriation. Forced repatriation will not be easy, analysts said. "There will be a lot of political posturing, but probably little actual policy," said Pia Bungarten, resident director in Thailand for Friedrich Ebert Stiftung, a German foundation that specializes in workers' rights. "Sending workers home means tracking down the illegals, building detention camps and getting a government like Burma's to willingly take its people back."

(APX, AFP, Bloomberg)

## SEOUL: Korea's 3 Biggest Conglomerates Plan Retrenchments

Continued from Page 1

1992 while the Hyundai founder, Chung Ju Yung, was waging an unsuccessful campaign for the presidency. The group also will "block possible hostile efforts at mergers and acquisitions" of Hyundai companies, said Park Se Yong, a senior executive, who announced the cutbacks at a press conference.

"All available assets owned by founder Chung Ju Yung and his family members will be used to improve the financial statements," Mr. Park said.

Mr. Park said Hyundai planned to place outside directors on the boards of all Hyundai companies "to enhance the transparency of management inside our companies." He noted that Hyundai and three relatively small subsidiaries — Diamond Ad, Hyundai Information Technology and Hyundai Broadcasting — already had outside directors.

In an effort to bring credibility to Hyundai's claims of sales and profits, Mr. Park said the group would also bring in outside auditors and outside supervisors to review its books and records. A Hyundai spokesman promised consolidated statements for the entire

group as soon as the South Korean government required them.

Hyundai reported a record 81 trillion won in sales last year — a figure that would have amounted to about \$100 billion at the exchange rate of a year ago but is about half that amount in dollar terms now, after the plunge in South Korea's currency.

Critics raised the question of Hyundai's commitment to its cutbacks and other promises.

"Hyundai's announcement lacks substance," said a commentary on KBS, the government-owned Korean Broadcasting System. "There were very few specifics. It's not up to people's expectations."

LG said it hoped to reduce its ratio of debt to equity to less than 2 to 1 over the next four years — partly by unloading about 90 enterprises deemed borderline or unprofitable. An LG spokesman estimated the value of the 90 entities at 2.4 trillion won (\$1.5 billion). He also said companies within the groups would cease to guarantee each other's debts — standard practice for the chaebol.

Like Hyundai, LG said its owners would draw money from their personal

funds to rescue the group and would bring in outside directors for the sake of "transparency" and protection of the minority shareholders.

A Samsung spokesman sought to minimize the significance of closing the three regional headquarters. Most of the 200 people employed at the headquarters would simply transfer to offices of Samsung Electronics in the same buildings, he said.

"We're moving from a regional headquarters system so each company will have more responsibility for its operations," the spokesman said. "It's just a question of rationalization. It's just to increase efficiency."

Mr. Chung for years has talked of building a steel plant, over the objections of the government. Planners and bureaucrats have argued that Pohang Iron & Steel Co., the world's largest steelmaker, largely owned by the government, produces enough for South Korea's needs and for export too.

Mr. Park said Hyundai had only "suspended" — not given up — its plan to invest \$1.4 billion in the semiconductor plant at Dunfermline, Scotland, on which construction is under way.

## Asian Slump Forces Cathay to Lay Off 5 Percent of Staff

Compiled by Our Staff From Dispatches

HONG KONG — Cathay Pacific Airways Ltd. announced layoffs of 760 people Monday, or 5 percent of its work force, because of the financial crisis buffeting Asia.

The airline said 1997 was "a very bad year" and said 1998 so far had shown "little hope of improvement." Most of the cutbacks came in management and clerical positions, a spokesman said, adding that Cathay had about 15,600 employees worldwide before the layoffs.

Most of the dismissals took effect Monday. Hardest hit were Cathay's Hong Kong offices, where 460 people — 55 percent of them in management — were fired, a Cathay spokesman said.

"Just six months ago, I would never have thought we would be forced to resort to such painful measures as this," Cathay's managing director, David Turnbull, said.

Cathay is the latest of several Asian airlines to be hurt by the plunge in Asian currencies and markets since last summer. Qantas Airways Ltd. of Australia is trimming its services to Indonesia, Thailand and Malaysia; Philippine Airlines is reviewing orders for 15 aircraft scheduled for delivery this year, and Indonesia's state-owned airline, Garuda Indonesian Airways, has delayed a lease payment for Airbus planes.

Cathay has also been hurt by a slump in tourism to Hong Kong since the former British colony returned to Chinese rule July 1.

An outbreak of "bird flu" in Hong Kong that has killed six people also has scared off tourists.

The high cost of doing business in Hong Kong was also a factor in the layoffs, Cathay said. (AP, AFP)

## FILTER: Internet Code Leads to Dispute

Continued from Page 11

"I appreciate your concerns," he wrote in response to a statement from a civil-liberties coalition, the Global Internet Liberty Campaign. "Whilst I tend personally to share them at the level of principle, I do not believe that the PICSRules technology presents, on balance, a danger rather than a boon to society. I can also affirm that the intent of the initiative is certainly not as a tool for government control, but as a tool for user control, which will indeed reduce the pressure for government action."

Whatever the merits of the opposing claims, the controversy underscores the exceptional influence that technologists wield in formulating the rules that govern cyberspace. It also presages increasing tension between the architects of the Internet and the people who use it, as profound policy implications of technical decisions also loom for privacy and intellectual property.

Traditionally, the technical rules that allow computers to perform tasks like sending and receiving electronic mail or documents were developed by organizations that represented the institutions, companies and individuals that most used the medium.

But at a time when the global computer network is no longer the preserve of scientists and academics, the procedures of groups like the one headed by Mr. Berners-Lee — the World Wide Web Consortium, known as W3C — are being called into question.

Indeed, many of the civil libertarians who oppose the filter technology initially touted it as an alternative to government interference. More recently, they have concluded that speech-regulation features woven into the Internet may be as threatening to free expression as legislation.

"The W3C is taking on a quasi-governmental role, and to the extent that the standards it adopts become the basic standards of the Internet, it will have more influence than most national governments will have," said Barry Stein-

hardt, associate director of the American Civil Liberties Union. "These are not mere technical standards that engineers should be establishing. This platform raises fundamental questions about free speech, and that debate should occur in public."

Mr. Berners-Lee portrayed members of the group as social activists conscious of their legislative-like power and struggling to exercise it responsibly.

"Most of the people who are working on the Web are not doing it because they have a frantic urge to program," Mr. Berners-Lee said.

"They're doing it because they have a vision of how society should be improved. The difference is, now people can make social things possible by creating technology, whereas before, to make social things possible, really all you could do was make laws."

Ultimately, how effective such standards are will depend on whether the major Internet browser companies apply them.

Thomas Reardon, Microsoft's program manager for Internet architecture, and a member of the World Wide Web Consortium's advisory council, said the company was continuing to evaluate whether to include the technology in future versions of its browser.

"We're certainly looking at which users get the most from it, and we're also aware of the downsides of government action, especially in foreign situations," Mr. Reardon said. "The company is going through a process of trying to look at it more fully."

The World Wide Web Consortium's 231 members include most computing and telecommunications companies that have significant stakes in the Internet, some government agencies and several nonprofit groups. Membership fees are on a sliding scale, from \$5,000 to \$50,000. The group's stated goal is "to realize the full potential of the Web."

The challenge in keeping the group apolitical, Mr. Berners-Lee said, is to create ways of achieving social goals that are "policy independent."

## JAKARTA: Bank Mergers Bring Indonesia Closer to IMF Terms

Continued from Page 1

of 16 financially troubled banks.

At the time, analysts praised the move as a sign that the government was serious about reforms. Their optimism was fueled by the fact that one of the closed banks was partly owned by one of President Suharto's sons, Bambang Trihatmodjo, who protested loudly.

But little further action was taken on the IMF package, leading to the crisis this year that forced Mr. Suharto to sign the new and more stringent agreement.

The country's banking crisis is one of several factors in an economic slowdown in which lending has all but halted and most business activity is on hold.

"The whole economy is standing still," said an American banker who spoke on condition he not be identified.

"The economic engine of Indonesia right now is sitting there waiting for a new quart of oil. Something has got to be done to get the system moving again, and money is the lubricant."

[Japan also moved to bolster con-

fidence in its banking system by announcing a series of new government measures to rescue the nation's debt-ridden lenders, Bloomberg reported.

[The measures include plans to let banks take gains on land holdings, forgive paper losses on their stock portfolios and receive a capital infusion from public money. The move is expected to help strengthen banks' balance sheets. The Nikkei Stock Average gained 1.3 percent on the news.]

This merger in Indonesia will consolidate five private banks with assets of 50 trillion rupiah (\$5.92 billion) into one entity called Bank International Indonesia. "The merger will establish a more competitive bank with larger assets, a stronger capital base and improved liquidity," a statement said.

Nevertheless, the rupiah plummeted again in value Monday, reflecting what analysts said was a continued lack of investor confidence despite the IMF agreement.

In Jakarta, the dollar rose to 9,600 rupiah from its finish last week of 8,450.

But with most investors still hesitant about Indonesia, trading was thin.

When the rupiah fell past 10,000 to the dollar nearly two weeks ago, its tumble caused a panic in financial markets as well as among shoppers here, who hoarded foodstuffs and other staples.

Indonesia has yet to address one of its most pressing financial problems, a \$133 billion burden of dollar-denominated debt that grows bigger with each drop in the rupiah and that has helped bring the economy to its present standstill.

Analysts also say confidence cannot be fully restored until President Suharto addresses the issue of political succession. Though he is expected to stay on for a seventh five-year term in March, he is 76 years old, and uncertainty about the future has gripped the nation.

The problems in Indonesia's banking sector are typical of the inefficiency, corruption and self-indulgence that the new IMF strictures are attempting to rein in. An absence of rigorous controls allowed bankers to indulge in risky practices and private deals.

## INTERNATIONAL FUTURES

Jan. 19, 1998	High	Low	Latest	Chge	Open	High	Low	Latest	Chge	Open	High	Low	Latest	Chge	Open
Metals															
LONDON METALS (LME)															
Copper	129.00	127.00	128.00	+0.00	128.00	129.00	127.00	128.00	+0.00	128.00	129.00	127.00	128.00	+0.00	128.00
Gold	320.00	318.00	319.00	+0.00	319.00	320.00	318.00	319.00	+0.00	319.00	320.00	318.00	319.00	+0.00	319.00
Platinum	510.00	508.00	509.00	+0.00	509.00	510.00	508.00	509.00	+0.00	509.00	510.00	508.00	509.00	+0.00	509.00
Silver	10.00	9.90	9.95	+0.05	9.95	10.00	9.90	9.95	+0.05	9.95	10.00	9.90	9.95	+0.05	9.95
Aluminum	110.00	109.00	110.00	+0.00	110.00	110.00	109.00	110.00	+0.00	110.00	110.00	109.00	110.00	+0.00	110.00
Iron Ore	110.00	109.00	110.00	+0.00	110.00	110.00	109.00	110.00	+0.00	110.00	110.00	109.00	110.00	+0.00	110.00
Steel	110.00	109.00	110.00	+0.00	110.00	110.00	109.00	110.00	+0.00	110.00	110.00	109.00	110.00	+0.00	110.00
Lead	200.00	199.00	200.00	+0.00	200.00	200.00	199.00	200.00	+0.00	200.00	200.00	199.00	200.00	+0.00	200.00
Zinc	110.00	109.00	110.00	+0.00	110.00	110.00	109.00	110.00	+0.00	110.00	110.00	109.00	110.00	+0.00	110.00
Nickel	110.00	109.00	110.00	+0.00	110.00	110.00	109.00	110.00	+0.00	110.00	110.00	109.00	110.00	+0.00	110.00
Vanadium	110.00	109.00	110.00	+0.00	110.00	110.00	109.00	110.00	+0.00	110.00	110.00	109.00	110.00	+0.00	110.00
Uranium	110.00	109.00	110.00	+0.00	110.00	110.00	109.00	110.00	+0.00	110.00	110.00	109.00	110.00	+0.00	110.00
Energy															
Oil	110.00	109.00	110.00	+0.00	110.00	110.00	109.00	110.00	+0.00	110.00	110.00	109.00	110.00	+0.00	110.00
Gas	110.00	109.00	110.00	+0.00	110.00	110.00	109.00	110.00	+0.00	110.00	110.00	109.00	110.00	+0.00	110.00
Coal	110.00	109.00	110.00	+0.00	110.00	110.00	109.00	110.00	+0.00	110.00	110.00	109.00	110.00	+0.00	110.00
Grain															
Wheat	110.00	109.00	110.00	+0.00	110.00	110.00	109.00	110.00	+0.00	110.00	110.00	109.00	110.00	+0.00	110.00
Corn	110.00	109.00	110.00	+0.00	110.00	110.00	109.00	110.00	+0.00	110.00	110.00	109.00	110.00	+0.00	110.00
Soybeans	110.00	109.00	110.00	+0.00	110.00	110.00	109.00	110.00	+0.00	110.00	110.00	109.00	110.00	+0.00	110.00
Other															
Stocks															
DAX (DAX)	110.00	109.00	110.00	+0.00	110.00	110.00	109.00	110.00	+0.00	110.00	110.00	109.00	110.00	+0.00	110.00
Nikkei (Nikkei)	110.00	109.00	110.00	+0.00	110.00	110.00	109.00	110.00	+0.00	110.00	110.00	109.00	110.00	+0.00	110.00
S&P 500 (S&P 500)	110.00	109.00	110.00	+0.00	110.00	110.00	109.00	110.00	+0.00	110.00	110.00	109.00	110.00	+0.00	110.00
FTSE 100 (FTSE 100)	110.00	109.00	110.00	+0.00	110.00	110.00	109.00	110.00	+0.00	110.00	110.00	109.00	110.00	+0.00	110.00
Hang Seng (Hang Seng)	110.00	109.00	110.00	+0.00	110.00	110.00	109.00	110.00	+0.00	110.00	110.00	109.00	110.00	+0.00	110.00
Other															

FOR INVESTMENT INFORMATION  
Read  
THE MONEY REPORT  
every Saturday  
in the IHT.

Herald Tribune



## WORLD ROUNDUP

### Hill Has to Share

**FORMULA ONE** Former Formula One world champion Damon Hill will share top billing at his new Jordan team next season with the German driver Ralf Schumacher, according to the team's owner, Eddie Jordan.

Jordan said Monday at the launch of the 1998 Jordan car in London that both his drivers would start the season on an equal footing. Hill is arriving from the Arrows-Yamaha team as a replacement for Giancarlo Fisichella of Italy, who has joined Benetton.

"Ralf wants to be up front and so do I," Hill said of Schumacher, the brother of Michael Schumacher, who has often been Hill's greatest rival. "So I have got to establish myself in a way that will enable me to have the backing of the team, as Michael has had at Benetton and Ferrari, if I am to have a chance of gaining the best results and taking him on."

### For Skier, a Lucky No. 5

**OLYMPICS** Graham Bell should make Alpine skiing history at the Nagano Winter Olympics after being named to Britain's team on Monday.

Bell, 31, has competed in every Winter Games since he came in 32nd in the downhill in the 1984 Sarajevo Olympics. He is set to become the first Alpine skier to race in five Olympics. (Reuters)

### Hoppe Will Call It Quits

**BOLSLEDDING** Wolfgang Hoppe of Germany, the most successful driver in the history of bobsledding, will retire after next week's World Championships in St. Moritz, Switzerland, the German Bobsledding Federation said Monday.

Hoppe, winner of 33 Olympic, World and European championships medals, had been looking forward to competing in his fifth Winter Olympics next month but failed to qualify when his four-man team finished only third in the German championships.

The 40-year-old Hoppe had previously said he intended to retire at the end of the season. (Reuters)

### Kansas Welcomes Wilt

**BASKETBALL** Was that sweat Wilt Chamberlain wiped from his face — or tears?

Amid all the cheering and applause and emotion-laden nostalgia rocking Allen Fieldhouse, who could tell for sure?

In his first official visit to the University of Kansas since being named an All-American there following the 1958 season, Chamberlain's jersey was hoisted to a place of reverence high in the rafters.

"I've learned in life that you have to take the bitter with the sweet, and how sweet this is," he said while standing at midcourt wearing the letter jacket he won in 1957 when Kansas lost the NCAA championship to North Carolina in three overtimes.

Many fans wore "Wilt" shirts and held up "Welcome Home" signs. "I'm a Jayhawk and I'm proud to be a part of the tradition here," Chamberlain said. (AP)

## Showdown for Williams Sisters

One Must Go, as Venus Faces Serena in 2d Round of Australian Open

**MELBOURNE** — Growing up, Venus Williams imagined herself as the world No. 1 women's tennis player and her sister, Serena, as No. 2. She just didn't imagine they would have to play each other.

After Serena ousted the No. 6 seed Irina Spirelea, 6-7 (5-7), 6-3, 6-1, in her Grand Slam debut Monday, they will do just that, in the second round of the Australian Open.

Venus, a year older at 17, advanced with a 6-3, 6-0 drubbing of France's Alexia Dechaume-Balleret on center court.

In the next round, facing an opponent who knows her game well from countless practice sessions, "when I hit a forehand crosscourt, she'll already be over there," said Venus.

And, she said, Serena can play better than she did Monday, when "she should have won the first set."

Earlier, anticipating a likely meeting, Serena had said, "Venus has no reason

to fear me," and added, "I've never feared anybody."

But Serena confessed to feeling perhaps too much pride in her match against Spirelea. Figuring she had the superior forehand, she tried to pick on that part of the Romanian's game, even aiming many of her serves on that side.

She blew three set points at 5-3 in the first set, lost a tiebreaker and then fell behind 2-0 in the second.

"Then I found an open door and I went through it," she added. The door? "Not to hit to her forehand."

Serena said she was not thinking about the incident at last year's U.S. Open semifinals, when Spirelea bumped into Venus during a changeover. Williams' father, Richard Williams, suspected racial motivations and called Spirelea "a big, tall, white turkey."

Spirelea later was fined \$5,000 for cursing Venus Williams at a news conference. Asked if the incident was on her mind Monday, Spirelea said, "During the match, no, but before, yes, sure."

Spirelea said that in letting her lead slip away, "I just felt tired. I don't know what happened. I had no more power."

She said the Williams sisters played the same game, but with Serena "sometimes you think she's not going to get the ball and she's always there, so you are still surprised."

The sisters were part of a parade of tennis's teenage wave of the future here Monday. The youngest, 15-year-old Mirjana Lucic of Croatia, advanced with a 7-5, 6-1 victory over Rianne Stubbs of Australia, and like Serena Williams displayed a fearless tactic.

Lucic moved well inside the baseline to receive serve — a strategy that Stubbs didn't think would work against players who could serve well into the body.

"It doesn't matter who I play against. I always stand there," Lucic said. "I am taking it earlier now, and my opponent doesn't really have so much time."

But in the opening match on center court, the 16-year-old Australian Lleyton Hewitt couldn't follow up his

success in Adelaide this month, when he beat Andre Agassi en route to becoming the third youngest male player to win a tournament in the Open era.

Hewitt fought back from two sets down but lost, 6-2, 6-4, 1-6, 2-6, 6-3, to Daniel Vacek of the Czech Republic.

"It wasn't like I got killed," said Hewitt, who is ranked 162 now. "It's a little bit disappointing, but if you were to say three weeks ago that I was going to jump from 550 in the world to 160 — so you have to look at it both ways."

Among the older folks, Pete Sampras, the 26-year-old defending champion and top seed, cruised to a 7-5, 6-4, 6-2 victory, saving 17 aces, over Sjeng Schalken of the Netherlands. Sampras said that after a calf injury in Davis Cup play last November, he is healthy, and was "trying to break some records."

He has won 10 Grand Slam titles and is trying to pass the all-time leader, Roy Emerson, who has 12. Rod Laver and Bjorn Borg won 11 majors apiece.

No. 4 Jonas Bjorkman of Sweden shook off a poor start and won, 2-6, 6-1, 6-1, 6-1, against Allen Belobrajdic of Australia.

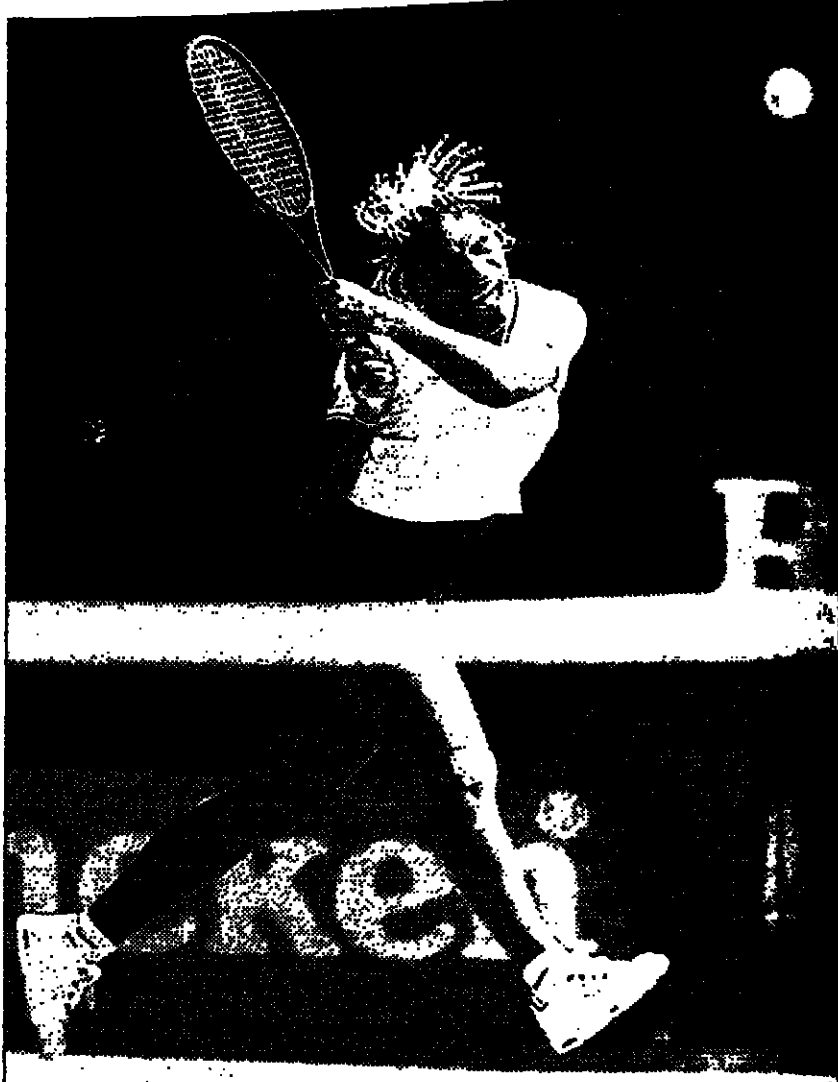
But two of the five men's seeds from Spain — the most here from any country — went out. No. 10 Sergi Bruguera withdrew because of blisters on his feet while trailing Karol Kucera of Slovakia, 3-6, 7-5, 6-1, and No. 14 Felix Mantilla lost, 6-4, 6-0, 4-6, 6-4, to Byron Black of Zimbabwe.

Then Albert Portas was ousted by No. 6 Petr Korda of the Czech Republic, 6-3, 4-6, 6-1, 6-4.

The Spanish winners included No. 7 Carlos Moya, the losing finalist last year, and No. 11 Alex Corretja. Moya beat Peter Trancacchi, an Australian, 6-4, 6-3, 6-7 (6-8), 7-6 (7-3). Corretja defeated Lucas Arnold of Argentina, 6-4, 7-5, 2-6, 6-3.

No. 15 Mark Philippoussis, the Australian who beat Sampras in the 1996 Open, blasted past Alex Calatrava of Spain, 7-6 (7-0), 6-4, 7-6 (7-4).

Lindsay Davenport, the No. 2 ranked women's player, ousted Amelie Co-



Serena Williams leaping to hit a return to Irina Spirelea in Melbourne.

cheteux of France, 6-2, 6-3. No. 4 Iva Majoli of Croatia beat Naoko Sawamatsu of Japan, 6-4, 6-2, and No. 8 Conchita Martinez of Spain drubbed Sandra Kloesel of Germany, 6-2, 6-2.

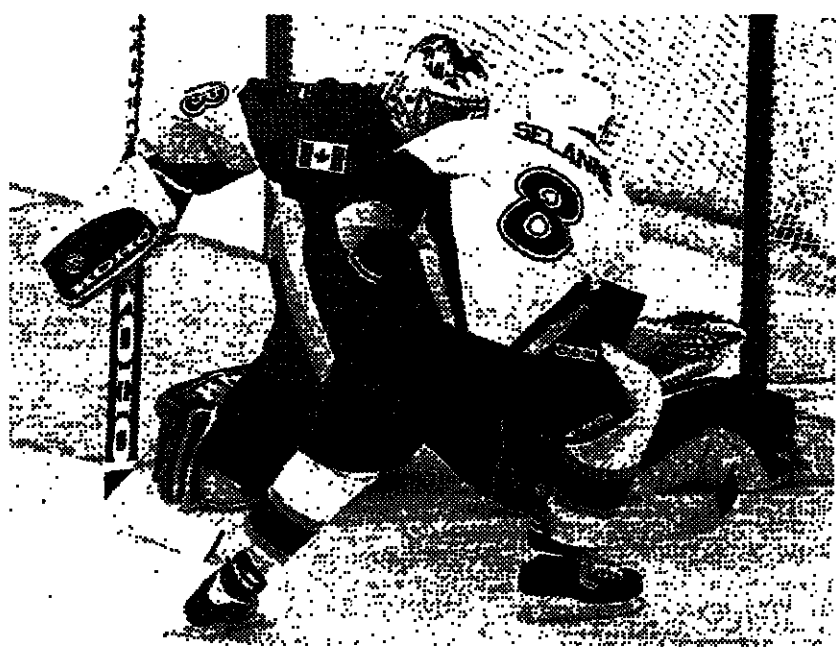
### Hingis Begins Title Defense

Martina Hingis, ranked No. 1 in the world, begins the defense of her Australian Open title Tuesday, eager to forget her early exit from the Sydney International at the hands of Venus Williams last week, Reuters reported. In her first match here, Hingis will face

Wilrud Probst of Germany. Anna Kournikova, the 16-year-old Russian prodigy, starts her Australian Open bid Tuesday against Katarina Srebnikova of Slovakia, almost 10 years her senior.

The fifth seed, Mary Pierce of France, takes on Li Fang of China in the first match of the evening session on center court, while No. 7 seed Arantxa Sanchez Vicario of Spain, who beat Venus Williams for the Sydney International title on Saturday, meets Janet Lee of Thailand.

## In Hockey All-Star Game, More a Huckfest Than a Puckfest



Teemu Selanne scoring against Patrick Roy, the North American goalie.

By Joe Lapointe  
New York Times Service

**VANCOUVER** — After the dancing guys in gothic suits, the tumblers in the mascot costumes and the explosions of the indoor fireworks, the Canadian rock singer Bryan Adams stood on the ice surrounded by four members of the Royal Canadian Mounted Police in their bright, red uniforms.

This was before the face-off of the National Hockey League All-Star game pitting North America vs. The World. Adams stood near the spot where the word "Canada" was painted in red letters on the ice as a cloud of fireworks smoke hung high over his head.

In a nervous voice, Adams then sang "O, Canada!" but he mangled a few of the words. Declining to press charges, the Mounties simply escorted him to his seat. Good thing Adams didn't have to sing a half-dozen more anthems to honor the rest of the participants in this international puckfest.

The new format is an us-against-them contrivance designed to pique interest in the hockey tournament of the Winter Olympic Games, which will include NHL players next month in Nagano, Japan.

As if from another world, an airborne object that looked like either a flying saucer or the world's biggest bagel arrived near center ice to deliver the first puck.

The players then took that puck — and many more just like it — and shot them into each other's nets 15 times over the next three hours.

In fact, the Europeans — here called "the rest of the world" — scored on the first shot of the game and took a 3-0 lead. But the North Americans rallied for an 8-7 victory on Sunday, the winning goal scored by Mark Messier, a patriotic Canadian who is the captain of the hometown team, the Vancouver Canucks.

Despite North America's victory, the most valuable player in the game was Teemu Selanne, from Finland and the Mighty Ducks of Anaheim, who scored three goals. It is the first time a European player has won the honor and the first time a member of the losing team has won it since 1986.

Ken Hitchcock of the Dallas Stars, coach of the World team, used a line

rotation that put together trios of Finns, Swedes, Russians and players from the former Czechoslovakia. Selanne said he liked the new format, although many of his teammates Sunday will be his rivals in Nagano.

"It's really nice to see the other European players," Selanne said. "I know a lot of Swedes. I'm a good friend of them. But it was really nice to see other Europeans here. We are all in the same boat. We are foreigners here."

Messier, the former New York Rangers captain, was celebrating his 37th birthday. After he ducked two questions about his birthday, a reporter asked him if he was in denial.

"I never thought I'd be sitting here talking to you all when I was 37 years old," he replied.

He said it was nice to be that age and still be under pressure to play like a superstar. And he said he wished he could play on Team Canada in the Olympics.

"Obviously, it's incredibly disappointing," Messier said about not being chosen for the Olympic team. His linemates Sunday were Wayne Gretzky of the Rangers and Eric Lindros of the

Philadelphia Flyers, both of whom will play in Japan. All three are centers.

Gretzky set up the game-winning goal. "I didn't have to yell for the puck," Messier said. "Wayne sees everything out there."

By assisting on this one and on John LeClair's goal, Gretzky broke a tie with Mario Lemieux for most All-Star points. Gretzky now has 22, yet another of his many records.

He mentioned that the Rangers' general manager Neil Smith called him Saturday night to remind him about the record, even though, Gretzky said, he was well aware of it. Asked about Messier, Gretzky said, "We had fun playing together again."

But he and Messier spoke at different times during the post-game press conference. When someone asked Messier if he talked to Gretzky much, Messier said something about the time zone difference and added something about talking to Brian Leach and Mike Richter of the Rangers. It is becoming clear that the Messier-Gretzky relationship has cooled somewhat since Messier left New York as a free agent last summer.



NHL Hall of Famers Bobby Hull, left, and Gordie Howe, wearing their team jerseys, sharing a laugh during the All-Star festivities in Vancouver.

## The Man in Vince Lombardi's Office

By Dave Anderson  
New York Times Service

**AS THE Green Bay Packers' general manager, Ron Wolf works in the same office that Vince Lombardi once occupied as their general manager and coach. And on Sunday, the Packers team that Wolf built will try to win two consecutive Super Bowls, as Lombardi's teams did in the first two Super Bowls. But Wolf was around Lombardi only once.**

"It had to be '61," Wolf was saying, "when I was with Pro Football Illustrated."

Then a year away from earning a history degree at the University of Oklahoma and being hired by the Raiders as a college scout, Wolf had gone to Green Bay to attend, as he says now, one of Lombardi's "bark and growl" news conferences. Did he ask a question of Lombardi?

"No," he said with a laugh. "I wasn't going to ask him a question and have him bark and growl at me."

Six years later, at Super Bowl II in Miami, Wolf was personnel director for the Raiders, the Packers' opponent in what would be Lombardi's last game as coach. The Packers took a 13-0 lead.

"But we scored a touchdown," Wolf said, meaning the Raiders.

"When we stopped them, we felt the momentum had changed, but then Donny Anderson punted and Roger Bird fumbled it. They recovered and went ahead, 16-7."

Those Packers would win that second Super Bowl, 33-14, but when Wolf talks about the Packers now, it's "we," not "they."

Not long after taking command late in the 1991 season following nearly two years as the Jets' assistant general manager, Wolf made the two moves that transformed the Packers into a Super Bowl contender again. He hired Mike Holmgren as coach and got quarterback

Brett Favre in a trade with the Atlanta Falcons.

"Before the 1991 draft," he said, al-

luding to his days with the Jets, "we had Favre rated as the No. 1 player in the draft. I'd seen him play at Southern Mississippi. He had a nerve and a fire, and a rifle arm. He took control of a game."

The Jets didn't have a first-round choice, having used it to select wide receiver Rob Moore in the 1990 supplemental draft. Just before the Jets were about to pounce on Favre in the second round, the Falcons took him. The Jets then picked Browning Nagle, but the Falcons soon became dis-

chanted with Favre and his style.

"My first game with the Packers was in Atlanta on Dec. 1, 1991," Wolf said.

"But when I got there, I was told if I wanted to look at Favre throw, do it when he first came out because they didn't let him throw in the warm-up. That's when I knew we had a chance to get him in a deal. And we did."

Wolf traded a first-round choice that turned out to be Tony Smith, a running back from Southern Mississippi whose career ended in 1994.

And under Holmgren, Favre developed into the National Football League's most valuable player in 1995 and 1996 before sharing that honor this season with Barry Sanders.

"When we hired Mike as coach," Wolf said, "I could tell he liked the history involved here. He and I knew we

had a unique situation. Because the franchise is publicly owned, we didn't have an owner looking over our shoulder. The only two who could mess up this situation were Mike and me."

To inspire their younger players, Wolf and Holmgren called on the Packers' history that Lombardi built.

"That first year in 1992," Wolf said, "we brought in Ray Nitschke, Bob Skoronski and Ron Kosselink, really live people who had played on Lombardi's teams. In 1993 we brought in Paul Hornung, Jerry Kramer, Herb Adderley, Willie Wood and Dave Robinson. We told our players how they too could have their names in that ring of honor in Lambeau Field."

In 1993 the Packers signed as a free agent Reggie White, the 304-pound defensive end who is now the career leader in sacks. "I remember telling Reggie, 'If you come here and play for the Packers, you'll be a legend,'" Wolf said. "And now he is."

Nearly half a century ago, growing up in New Freedom, Pennsylvania, near the Maryland border, Wolf heard of the Packers for the first time.

"That was the Baltimore Colts' first year in the NFL," he said. The Colts won only one game that year, 1950, and that game was against the Packers.

"The Colts won, 41-21," Wolf continued. "I didn't see the game, but I listened to it on the radio. And when I came here, they gave me a copy of that game film."

Now, Wolf, 59, has the opportunity to see his Packers win another Super Bowl title. "I'm the luckiest guy in pro football," he said. "Working in Green Bay is like working in a museum. The room where they held the meeting that founded the team in 1919 is still here. City Stadium, where the Packers played long before Lambeau Field was built, is still here and is still being used."

Lombardi's office is still being used too, by Ron Wolf.

## Ex-Star Cyclist Admits Using Banned Drug

Reuters

**BRUSSELS** — Eddy Planckaert, a former star Belgian bicycle racer, has admitted using the performance-enhancing drug EPO and alleged that the banned product is being taken widely by professional riders.

"EPO is a fantastic product," Planckaert told Belgian VRT television. "If you use it and your opponent doesn't, you're 12 to 15 percent better, and this on the top level which means quite something. But it involves risk to life."

EPO stimulates the production of red blood cells, which transport oxygen to the muscles and organs. The drug was introduced in the mid-1980s

to treat kidney disease. Since it thickens blood and can bring on heart attacks because of clotting, it is considered a highly dangerous drug for cyclists and is banned in the sport.

EPO has been linked to the premature deaths of about two dozen riders, mainly in Belgium and the Netherlands.

Its use, however, is believed to be widespread in cycling. Planckaert was the first major rider to admit that he used the drug.

I was "strong, not that I won everything, but strong, so strong," said Planckaert, who won the Paris-Roubaix race in 1990 and the Tour of Flanders in 1988. Both one-day races

are among the most esteemed in the sport.

"Now there is the problem that even the smallest rider uses it," said Planckaert, who became a businessman after he retired a few years ago.

Trying to crack down on the use of EPO, the International Cycling Union, which governs the sport, has set limits on the number of red cells in riders' blood. A rider may not start and is suspended for two weeks if his red cells exceed 50 percent of the blood in tests before a race. The normal level of red blood cells for most athletes is around 43-45 percent.

About a dozen professionals failed the blood tests last year.



SPORTS

# Joy and Pain: The Zen of the 'Erg'

By Joe Glickman  
New York Times Service

NEW YORK — There's a standard joke among rowers: If you can make it through an "erg," regatta, giving birth will seem easy. That's the erg as in Concept II ergometer, the flywheel rowing machine that is a fixture in health clubs and is used by virtually all the roughly 1,000 rowing clubs and college crew teams in the United States. The prefix "ergo," from the Greek, means work. And as I discovered two years ago, the name fits.

Back then, a personal fitness trainer suggested I enter the St. Valentine's Massacre Indoor Regatta at the New York Athletic Club Boathouse on Traver's Island in Pelham, New York. I had never heard of an erg regatta, but the trainer said that my height — I'm 6 foot 4 (1.92 meters) — and background as a kayak racer would offer a distinct advantage. I decided to give it a shot.

My wife was somewhat less than supportive. "That's got to be the world's stupidest sporting event," she said. "Hundreds of rowers competing on gym equipment, with coaches and judges and spectators, and everyone taking it seriously?"

I could argue that it wasn't stupid, but I was reasonably sure it wasn't the stupidest. And this Feb. 14, I'll be doing the Traver's Island regatta again. And I'm taking my 19-month-old daughter along.

Indoor regattas are actually quite popular. There are 38 events scheduled in the United States in 1998 and 43 on the international race calendar; the sport's own Super Bowl comes on Feb. 22 at the 16th annual World Indoor Rowing Championships in Boston.

This display of stationary freneticism, featuring 1,200 rowers from around the world, is known as the Crash-B Sprints, an acronym for "Charles River all-star has-beens." All races simulate 2,000 meters, the standard Olympic distance.

Erg enthusiasts who choose not to enter a regatta can join the fray by submitting their best time to Concept II, the machine's manufacturer, for the world rankings. The 1997 list included 18,000 rowers from 56 countries. Of course, as my grandmother used to say, and my wife would concur, just because something's popular doesn't mean it's not stupid. But those of us hooked on this sport are willing to suffer the jibes of skeptics and spouses.

The Concept II machine was invented in 1981 by Peter and Dick Dreissigacker, car makers and brothers from Orange, Connecticut, who started by nailing Dick's inverted bicycle to the floor. The current edition is nearly 8 feet long with a contoured seat that slides on the aluminum rail as an oarsman would in a rowing shell. The performance monitor — the mute coxswain who never lies — gives digital feedback on average pace, total distance and time.

The intensity of the workout is in your control. The harder you pull, the more resistance you feel, just as you would on the water.

The erg works the whole body — legs, arms, back, abs and buttocks — more muscle mass than any other piece of indoor gym equipment, providing a very efficient total-body workout. Rowing is one of the few aerobic activities that can strengthen your lower back. And since rowing is impact-free, it can be done well past one's competitive prime.

seeped through the walls. The chilly gym, sporting the flags of college crew teams, was packed with hundreds of tall, muscular jocks in crew-team jackets cheering on their teammates.

A rope sectioned off 16 brand-new ergs sitting side by side. Heats went off in measured intervals: heavyweights, lightweight, men and women, juniors, open, masters. Each ergometer was hooked up to a computer monitored by an official.

Rowers struggle to compare the whole-body pain of oxygen debt with anything else they've experienced in sports. One West Point cadet with crossed oars tattooed on his sinewy back said: "We describe the pain as excruciating, or excruciating plus. When you're finished, you're shot, because you've given it your all. And then you think, I could have kicked it in the last 600 meters instead of 500. There's always another level of pain you can get to. It's a bit sick."

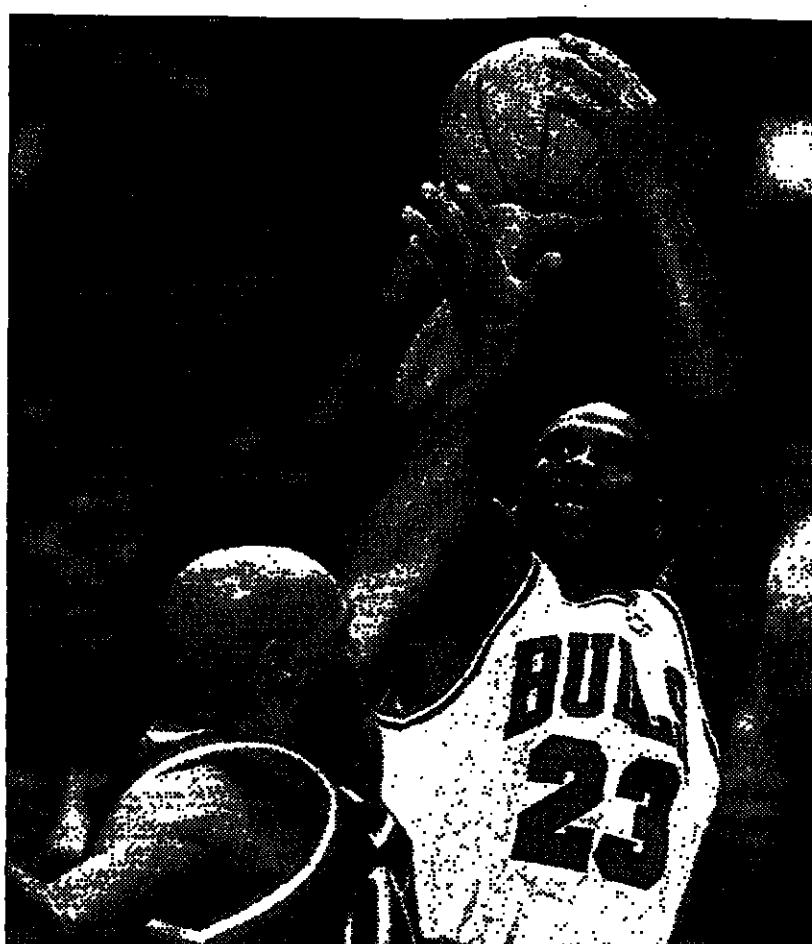
Sick or pure? Masochistic or self-transcendent? At the competitive level, pain is part of most sports: running, swimming, cycling. In an activity with minimal technique and no locomotion, erg racing is pain unadorned.

My division was heavyweight masters, with about 40 competitors aged 30 to 39. After an anxious wait, the gun went off, and I pulled. With the crowd and adrenaline, the first two minutes felt easy, despite the fact that I was going faster than I ever had. Two minutes later, my lower back hurt, my hamstrings burned, my lungs really, really hurt, and I was slowing down.

With 800 meters to go, lactic acid surged through my self-deluded veins. I heard the crowd urging me on. "You're ahead," came the cry. "Pull!"

After what seemed like an eternity, I was done. My time for 2,000 meters was 6 minutes 20.3 seconds. I slumped over, a wheezing shell. But when I looked up, I noticed that everyone else was still rowing. I had won!

What a great sport.



Michael Jordan of the Bulls firing one over Rodrick Rhodes of Houston.

## 45 for Jordan As Bulls Beat The Rockets

The Associated Press  
Michael Jordan scored 45 points, including a pair of key 3-pointers in the final quarter, and the Chicago Bulls overcame a spirited performance by Charles Barkley to beat the visiting Houston Rockets, 106-100.

Barkley, jawing, yapping and exchanging barbs with his good friend Jordan, scored 35 points — 19 over his average — and had 14 rebounds for the Rockets, who have lost 10 of their last 14 games.

The Rockets played Sunday night without the injured stars Hakeem Olajuwon and Clyde Drexler, and then lost

### NBA ROUNDUP

guard Mario Elie with 6:54 left in the first half when he strained his left shoulder after colliding under the basket with Scottie Pippen.

But every time it looked like the Bulls would run away, Houston fought back with determined play from Barkley, who made 11-of-14 field goal attempts.

Spurs 98, Bucks 92 In Milwaukee, David Robinson led Miami with 25 points and 11 rebounds, and Tim Duncan had 20 points and 11 rebounds as San Antonio beat the Bucks in overtime.

The Spurs scored the first eight points in overtime to win their fifth straight and 17th of their last 19. It was San Antonio's first overtime win of the season after three losses.

The Bucks, who lost the last two games of their homestand after winning the first three, were led by Terrell Brandon with 19 points.

Suns 96, Heat 87 Antonio McDyess scored 20 points and Jason Kidd just missed a triple-double as the Suns beat the Miami Heat in Phoenix.

Kidd had 9 points, 13 assists and 10

rebounds, falling one point short of his third triple-double in his last 12 games.

Jamal Mashburn led Miami with 25 points. Alonzo Mourning had 17 points and was 6-for-6 from the field, but played only 19 minutes before fouling out with 7:08 remaining.

Trail Blazers 94, Nuggets 82 In Portland, Gary Trent scored a career-high 27 points as the Blazers handed Denver its 20th straight loss, tying the second-longest, single-season losing streak in NBA history.

The rookie Bobby Jackson scored a

career-high 27 points for Denver, which fell to 2-35 for the season. The Nuggets were won since beating the Los Angeles Clippers on Dec. 7.

In a game reported in Monday's editions:

Pacers 103, Celtics 96 Rik Smits scored 25 points as the Pacers beat the Celtics on Sunday in Larry Bird's first game in Boston as Indiana's coach.

Jalen Rose scored 20 points for Indiana, which won its fifth straight game.

Ron Mercer led Boston with 21 points.

## SCOREBOARD

### BASKETBALL

#### NBA STANDINGS

EASTERN CONFERENCE			
Team	W	L	Pct
Atlanta	24	14	.632
Charlotte	22	15	.595
Chicago	21	17	.553
Cleveland	20	18	.524
Dallas	19	19	.500
Indiana	18	20	.474
Los Angeles	17	21	.445
Memphis	16	22	.421
Phoenix	15	23	.396
Pittsburgh	14	24	.368
San Antonio	13	25	.342
Seattle	12	26	.316
Utah	11	27	.290
Washington	10	28	.263
Wizards	9	29	.237
Yankees	8	30	.211
Trail Blazers	7	31	.185
Nuggets	6	32	.159
Timberwolves	5	33	.133
Warriors	4	34	.107
Clippers	3	35	.081
Pacers	2	36	.055
Celtics	1	37	.029

### FOOTBALL

#### COLLEGE BOWL GAMES

SENIOR BOWL			
Team	W	L	Pct
Alabama	24	14	.632
Arkansas	22	15	.595
California	21	17	.553
Clemson	20	18	.524
Duke	19	19	.500
Florida	18	20	.474
Georgia	17	21	.445
Illinois	16	22	.421
Michigan	15	23	.396
Nebraska	14	24	.368
Oklahoma	13	25	.342
Oregon	12	26	.316
Stanford	11	27	.290
Texas	10	28	.263
Washington	9	29	.237
Wisconsin	8	30	.211
Yale	7	31	.185
BYU	6	32	.159
Colorado	5	33	.133
Idaho	4	34	.107
Montana	3	35	.081
Utah State	2	36	.055
Wyoming	1	37	.029

### SOCCER

#### ITALIAN FIRST DIVISION

Team	W	L	Pct
Inter Milan	24	14	.632
Juventus	22	15	.595
Lazio	21	17	.553
Parma	20	18	.524
Roma	19	19	.500
Fiorentina	18	20	.474
Atalanta	17	21	.445
AS Roma	16	22	.421
Reggina	15	23	.396
Udinese	14	24	.368
Genoa	13	25	.342
Verona	12	26	.316
Parma	11	27	.290
Como	10	28	.263
Lecco	9	29	.237
Monza	8	30	.211
Cremonese	7	31	.185
Avellino	6	32	.159
Lucania	5	33	.133
Chieti	4	34	.107
Avellino	3	35	.081
Lucania	2	36	.055
Chieti	1	37	.029

### WORLD RANKINGS

Team	W	L	Pct
USA	24	14	.632
Canada	22	15	.595
Sweden	21	17	.553
Finland	20	18	.524
Norway	19	19	.500
Germany	18	20	.474
France	17	21	.445
Switzerland	16	22	.421
Czech Republic	15	23	.396
Slovakia	14	24	.368
Poland	13	25	.342
USA	12	26	.316
Canada	11	27	.290
Sweden	10	28	.263
Finland	9	29	.237
Norway	8	30	.211
Germany	7	31	.185
France	6	32	.159
Switzerland	5	33	.133
Czech Republic	4	34	.107
Slovakia	3	35	.081
Poland	2	36	.055
USA	1	37	.029

### TRANSITIONS

Team	W	L	Pct
Atlanta	24	14	.632
Charlotte	22	15	.595
Chicago	21	17	.553
Cleveland	20	18	.524
Dallas	19	19	.500
Indiana	18	20	.474
Los Angeles	17	21	.445
Memphis	16	22	.421
Phoenix	15	23	.396
Pittsburgh	14	24	.368
San Antonio	13	25	.342
Seattle	12	26	.316
Utah	11	27	.290
Washington	10	28	.263
Wizards	9	29	.237
Yankees	8	30	.211
Trail Blazers	7	31	.185
Nuggets	6	32	.159
Timberwolves	5	33	.133
Warriors	4	34	.107
Clippers	3	35	.081
Pacers	2	36	.055
Celtics	1	37	.029

### MAJOR COLLEGE SCORES

Team	W	L	Pct
Alabama	24	14	.632
Arkansas	22	15	.595
California	21	17	.553
Clemson	20	18	.524
Duke	19	19	.500
Florida	18	20	.474
Georgia	17	21	.445
Illinois	16	22	.421
Michigan	15	23	.396
Nebraska	14	24	.368
Oklahoma	13	25	.342
Oregon	12	26	.316
Stanford	11	27	.290
Texas	10	28	.263
Washington	9	29	.237
Wisconsin	8	30	.211
Yale	7	31	.185
BYU	6	32	.159
Colorado	5	33	.133
Idaho	4	34	.107
Montana	3	35	.081
Utah State	2	36	.055
Wyoming	1	37	.029

### ICE HOCKEY

#### NHL STANDINGS

EASTERN CONFERENCE			
Team	W	L	Pct
Atlanta	24	14	.632
Charlotte	22	15	.595
Chicago	21	17	.553
Cleveland	20	18	.524
Dallas	19	19	.500
Indiana	18	20	.474
Los Angeles	17	21	.445
Memphis	16	22	.421
Phoenix	15	23	.396
Pittsburgh	14	24	.368
San Antonio	13	25	.342
Seattle	12	26	.316
Utah	11	27	.290
Washington	10	28	.263
Wizards	9	29	.237
Yankees	8	30	.211
Trail Blazers	7	31	.185
Nuggets	6	32	.159
Timberwolves	5	33	.133
Warriors	4	34	.107
Clippers	3	35	.081
Pacers	2	36	.055
Celtics	1	37	.029

### WORLD RANKINGS

Team	W	L	Pct
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Canada	22	15	.595
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Finland	20	18	.524
Norway	19	19	.500
Germany	18	20	.474
France	17	21	.445
Switzerland	16	22	.421
Czech Republic	15	23	.396
Slovakia	14	24	.368
Poland	13	25	.342
USA	12	26	.316
Canada	11	27	.290
Sweden	10	28	.263
Finland	9	29	.237
Norway	8	30	.211
Germany	7	31	.185
France	6	32	.159
Switzerland	5	33	.133
Czech Republic	4	34	.107
Slovakia	3	35	.081
Poland	2	36	.055
USA	1	37	.029

### MAJOR COLLEGE SCORES

Team	W	L	Pct
Alabama	24	14	.632
Arkansas	22	15	.595
California	21	17	.553
Clemson	20	18	.524
Duke	19	19	.500
Florida	18	20	.474
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Yale	7	31	.185
BYU	6	32	.159
Colorado	5	33	.133
Idaho	4	34	.107
Montana	3	35	.081
Utah State	2	36	.055
Wyoming	1	37	.029

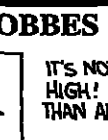



### WORLD RANKINGS

Team	W	L	Pct
USA	24	14	.632
Canada	22	15	.595
Sweden	21	17	.553
Finland	20	18	.524
Norway	19	19	.500
Germany	18	20	.474
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Switzerland	5	33	.133
Czech Republic	4	34	.107
Slovakia	3	35	.081
Poland	2	36	.055
USA	1	37	.029

### MAJOR COLLEGE SCORES

POWERS (15), Adelaide, def. Alex Lowe, 7-6 (7-0), 6-4, 7-6 (7-0).	def. Mario Endo, Japan, 6-4, no. Spalla, def. Rachel McQuinn, 6-3, 4-6, 9-7.
FRIST ROUNDED Dragutin (15), Rzeszowa, def. Kraus, Germany, 6-3, 6-1, Mildred Ore- jel, Kristine Kurucz, Australia, 7- 6, 6-3.	Virgilio Ruano-Pascual, def. dra Kleinsova, Czech Republic. Nirupama Vaidyanathan, Giorgia Pizzichini, Italy, 5-7, 6-4.

## OBBS

 <p>IT'S NOT EVEN AN INCH HIGH! WHAT GOOD IS SNOW? THAN AN INCH OF SNOW?!</p> <p>WESLEY</p>	 <p>WELL, IT'S PRETTY</p>
 <p>DID YOU THROW THAT TOMATO AT ME, FRANK?</p>	 <p>CONSIDER IT A TRIBUTE SIR</p>



## ART BUCHWALD

## Rooms With a View

WASHINGTON — New York is having a housing boom. Every time you look to the sky another apartment house is going up. It's good for the real estate business but tough on the tenants.

Greg Vogt invited me over for drinks at his West Side apartment on the 40th floor.

I said, "This is quite a view you have."

"I had a better one six months ago. I could see the Hudson, the East River, the Statue of Liberty and Scarsdale."

"I had a cocktail party to show all my friends my view when, just as the sun was setting, someone built a building in front of mine and all my guests watched as they blocked my view of both the Hudson and East rivers, as well as Mrs. Helmsley's."

**Bilbao's Guggenheim Sets Crowd Records**

AGENCE FRANCE PRESSE  
BILBAO, Spain — Bilbao's new Guggenheim Museum is breaking records as it tries to cope with more people than expected.

The museum in this northern Spanish city has broken the national record of visitors in one day three times since it opened on Oct. 19. Its total of nearly 300,000 visitors to the end of last week was 25 percent more than officials had expected. They said the crowds were sometimes at "saturation point."

The museum, designed by Frank Gehry, is an offshoot of New York's Guggenheim Foundation.

apartment on Central Park South.

"You're taking it well," I said.

"New York is not a dog-eat-dog world — it's a build-it-or-buy-it world. As soon as a real estate developer sees a patch of sky, he wants to fill it with concrete."

"After my first building experience I moved to another high rise which cost me a million dollars more than the first one."

"It overlooked Central Park, the Plaza Hotel, the Brooklyn Bridge and Macy's parade."

"I was enjoying breakfast one morning when Donald Trump built a skyscraper smack against my building, and all I could see was a maid in the window cleaning his apartment."

"I couldn't take it very long, so I moved again to this place. I have three months to enjoy the view before Trump's next building gets to my floor. Then I'm going to have to move again."

I said, "I guess people are crazy to think they can pay premium prices for a view when someone will build a building smack dab against theirs. Why don't you move into a Trump Tower and be done with it?"

"How can I be sure he won't build a new building next to his older one, blocking the view of those tenants to accommodate the people he is trying to sell the new apartments?"

"I hadn't thought about that. So you're planning on moving again as soon as this view is blocked?"

"What choice does a New Yorker have?"

By Jennifer Dunning  
New York Times Service

NEW YORK — Mikhail Baryshnikov was an eye-grabbing blaze of cool fire from his first performances as a Kirov Ballet Wunderkind in the late 1960s. Now, a few days short of turning 50, Baryshnikov will take the daring step of performing an entire program of solos, his first such venture in the United States.

Starting Wednesday at City Center in New York, he will give five performances of the kind of edgy, thought-provoking dances for which he and his company, the White Oak Dance Project, have become known.

And in "Heartbeat: MB," the centerpiece of his program, every moment of strain or nervousness will be thunderingly communicated to the audience. The dance, an American premiere by Sara Rudner and Christopher Janney, requires Baryshnikov to wear a wireless device attached to his chest that amplifies electrical impulses from his brain to his heart and muscles.

"You're totally transparent," Baryshnikov said in a recent interview, sounding in turn both happily expectant about his work and melancholy over the recent death of his friend Howard Gilman, the philanthropist.

Baryshnikov discovered just how emotionally naked he was in a performance of the piece in a solo tour in Europe late last year. "I went on stage and I thought I was not nervous," he said. "I wasn't puffing. But my heart was beating probably 145 to 150 beats a minute. Your heart is very much connected to your mind. And that is what this piece is about, in general: the heart as a pumping instrument and the heart as all the old clichés about the heart, from ancient poetry to the modern medical treatise."

This is not, of course, the first time Baryshnikov has performed solo pieces. "But solo work is very strictly a North American tradition," he said.

"The more I've been working on these pieces, the more fun I've had with them, because it's just you and the choreographic script," Baryshnikov said. "You do it. Then later you return to the same material, give it a fresh look and work again on it with the choreographers. You tune down certain elements. You bring up other parts of the dance. It starts to sparkle a bit. Or get some life. Or some legs. Some sense."

In addition to the Rudner-Janney piece, Baryshnikov will present New York premieres by Craig Patterson, a young choreographer who performs with Mark Morris, and by Morris, on whose work the White Oak company was founded. He will also perform Jose Limon's 1942 "Chaconne."

Baryshnikov has been performing "Chaconne" and Morris's dance "Three Russian Preludes" for several years in White Oak programs. "Somehow I feel I've been pregnant with these solos, sort of, and they're ripe to show," he said. "Dances have a second and third life. You feel they are never ready. They always have a chance for another life. But I feel these pieces have settled in me quite comfortably, or un-comfortably, and that I am ready to interpret them and take responsibility for them."

"Three Russian Preludes," to music by Dmitri Shostakovich, was prompted by Baryshnikov's fondness for the Soviet composer's music. The dance, he said, is "about reflection, about men, about how his music affected the Russian people, and not just Russian people, of this century — that kind of complexity and certainty and hidden lyricism and almost false happiness."

Sometimes a dance is pretty much just a dance, though, as Baryshnikov learned from Patterson,



Mikhail Baryshnikov will dance to the amplified sound of his heartbeat.

one of the young modern-dance choreographers Baryshnikov has encouraged.

What, Patterson asked him, did he think of the second movement of "Tryst," set to "Concerto No. 3 in D Minor" by Bach? Baryshnikov thought of men of the world, their vanity and all other "wonderful and horrible things," he said. Patterson, who worked out much of the choreography by moving his hands through the steps during journeys on the A-train through Brooklyn and Manhattan, had something else

in mind. "I think park," he said. "Just a man in the park."

Baryshnikov is, in effect, a choreographer of "Heartbeat: MB," which is drawn from his improvisations in a studio with Rudner. "The heart is different every time," he said, "which means it is a semi-improvisational piece. You play your heart as an instrument almost." As Janney put it, "We get to see him thinking, and he gets to hear himself dance."

Baryshnikov said he had been "hassling" Rudner for several

years to make a piece for White Oak. The solo grew from a piece she created for herself, working with a machine created by Janney, an architect and musician known for his sound-producing sculptures.

Mortality is a subtext in "Heartbeat: MB." It is a subject that has been very much in Baryshnikov's mind. He has lost three close friends in recent years — the poet Joseph Brodsky, the French singer Barbara, and Gilman, the chairman of Gilman Paper Co. Gilman helped to found White Oak, which is named after and based at his Florida plantation near Jacksonville.

"You see, Howard was kind of our spiritual leader," Baryshnikov said. "He was a family, my oldest brother."

Baryshnikov said that the solo program, which he will take to California in February, was not prompted by the approach of his watershed birthday on Jan. 27. How does he feel about that rite of passage?

"I like to go to anybody else's birthday," he said, "and if I'm invited I'm a good guest. But I never celebrate my birthdays. I really don't care. Anyway, this is the last part of life: Life is over. That's it."

He was not talking, he said, about a dancer's short stage life, adding that both his parents died relatively young.

"I think if I live for the next 10 years I'll be happy," he said. "And it's nice that I'm still interested in what I do. I'm grateful to whatever there is for allowing me to do things. But life is over for sure."

"This is a time 'just to find peace with myself and everybody around, and see my children grow as long as I can,'" said Baryshnikov, the father of four.

"Somehow," he added, "I feel this is the normal chain of events. I'm O.K. with it."

## MOVIES

## Pedro Almodovar: Growing Up With Madrid

By Celestine Bohlen  
New York Times Service

MADRID — At 46, Pedro Almodovar is no longer the overgrown kid he was back in the early 1980s when he sprang from the thick of Madrid's anything-goes night life, armed with a hand-held camera, to record the intoxication of Spain's post-Franco freedoms.

Funny, outrageous, sexy, even kinky, his early movies had plots that veered off at random angles. Culminating with the wackily exuberant "Women on the Verge of a Nervous Breakdown," which won him international acclaim and an Academy Award nomination in 1988, they were a reflection of their author's disheveled, carefree life.

"My first films coincided with a moment of absolute, vital explosion in this city," said Almodovar, whose hair is more neatly shorn than in his wilder days but still stands up on end, giving him the look of a startled teenager. "Madrid in the beginning of the 1980s was probably the most joyful, the most fun, most permissive city in the world. It was really the rebirth of the city after such a horrible period as the Franco regime. If there was something characteristic about Madrid, about the culture of Madrid that I belonged to, it was its night life. That was my university, and the university for many others."

Almodovar, the most visible exponent of *la movida*, as the cultural ferment in Madrid after Franco's death in 1975 was known, had arrived in the capital in the 1960s, a teenager escaping from the stifling, strict Roman Catholic environment of La Mancha.

In the spirit of the times, he tried a bit of everything: He created comic strips, performed in a drag act, sang in a rock band and worked for the telephone company, filming his first experimental movie on weekends.

Sitting recently in a modest office at his production house, El Deseo, surrounded by film posters, books and few odd, kitschy mementoes, Almodovar was ready to admit that he had grown up, if belatedly. And his 12th film, "Carne Tremula" ("Live Flesh"), is, in fact, a reflection of the adult in him, with a more sober look at love and passion and even a sidelong glance at the yearning for children and family.

Based very loosely on a novel by the British mystery writer Ruth Rendell, "Live Flesh" is the story of five characters — two women and three men — whose lives are linked by a shooting in 1990 and the accompanying elements of revenge, desire and jealousy that reach into the next several years. This is a typical mix for Almodovar, but unlike his more free-wheeling films, "Live Flesh" stays on a fairly tight track as its plot unfolds.

In this movie, as in most of Almodovar's others, Madrid itself is a major protagonist. But this time, the city — like the director — has lost its glitzy surface. The Madrid of "Live Flesh" is not the highly colored, highly stylized skyline seen beyond the penthouse in "Women on the Verge": it's a gritty place of forgotten shantytowns and kindergartens for needy children.

In Europe, critics have hailed "Live Flesh" as a welcome departure from the director's old formulas. "The protagonist of the movida has learned how to structure both his stories and his emotions," concluded a review in the Italian newspaper *Il Messaggero*.

"I am not sure where he is going," said Angel Fernandez-Santos, a film critic for *El Pais*, the Spanish newspaper with the largest circulation, in an interview. "But I think Almodovar is entering his period of maturity. He is starting to show complete command of the art form. The earlier films were interesting, but they had little mistakes. In 'Live Flesh,' the whole puzzle fits together."

Almodovar hates putting labels on his work, but he admits that both "Live Flesh" and his 1995 movie, "The Flower of My Secret," about a romance-fiction writer with a bad marriage who starts writing under her real name, are departures.

"In the last two films, I was attracted to narratives that were

much more austere and sober," he said, "but that was because that suited those stories best."

He paused briefly, then made an offhand confession. "It also may be," he said with a smile, "that I am saturated by myself, by the things that I have done in the past."

Two of the characters in "Live Flesh" are trapped in a love that is violent and self-destructive, always a subject of fascination for Almodovar. But the main protagonists are two attractive young people, Victor (Liberto Rabal) and Elena

(Francesca Neri), who experience a more innocent, albeit very complicated, romance. At the start of the film, Victor's birth, on the night in 1970 when the Franco regime declared a state of emergency, is shown, in the back of a bus on a grim, empty Madrid street. By the end of the movie, Elena is about to give birth to their child in the back seat of a taxi as it drives through brightly lit downtown streets that are buzzing with shoppers.

These two nativity scenes serve as bookends, not only for the movie's interlocking love stories but also for the country's historical trajectory over the last quarter-century. And it is here that Almodovar returns again to reaffirm, and celebrate anew, the meaning of freedom.

"The two protagonists in this case have a happy ending because the happiness is the realization that the human being who is about to be born will be born in a better country than the one he or she was born in," he said. "All my movies have a political commentary imbedded in them, and that is the freedom that the characters enjoy."

"I truly think this is the only country where I would have been able to do the things that I have done," he added. "I don't think I could have done them in England, France or the U.S. This is a free country where I can work in complete freedom. And in Spain, we hold on to our freedom like children clutching their most precious teddy bear."

But for Spanish audiences, Almodovar has dropped an ominous note into the narrative: the voice heard on the radio announcing the state of emergency belongs to Manuel Fraga Iribarne, the president of the Galicia provincial government who was Franco's minister of information and went on to become the grand old man of the conservative party that governs Spain today.

"There is a ghost on the horizon, and that upsets me like it upsets many Spanish people," said Almodovar. "I think it is impossible for Spain to go back to that awful past, but we are not so far from it either. That voice on the radio is still a live voice; it belongs to an active politician who in fact created the party that is now in power."

Almodovar's relationship to his native country is fraught with ambiguity. He is treated like a superstar — the premieres of his films are always big events in Madrid — but his peers have yet to vote him a Goya prize, Spain's top cinematic award.

"There is a kind of tradition here," he said, when asked about the absence of "Live Flesh" from the list of Goya nominees. "There is a huge hostility against me that is demonstrated every year at this time. I was too successful here and outside Spain. It is a question of envy."

Although he remains committed to the city he calls home, Almodovar laments Spain's eagerness to join ranks with its northern European partners. He thinks this policy has spawned a deadly homogenization, forcing Madrid to trade in some of its Spanishness — its late hours and its siesta, for example — for the sterility of say, Oslo.

The Madrid in "Live Flesh," he says, could be any city. "I wanted to show a contradiction, both architectural and social, a contradiction which is very alive, very expressive and very unjust, the kind of thing you see in every big city today."

There are also economic pressures peculiar to the 1990s that have changed his beloved city, by putting a premium on competition at the expense of creativity.

"Young people now are very preoccupied with the market," which is natural," said Almodovar, still a hedonist at heart. "But I remember in the early '80s, everything we did we did for pleasure, because we liked to, for the joy of doing it."

## PEOPLE

WITH a gentle tap, tap, tapping, a mysterious stranger walked alone before dawn to the grave of Edgar Allan Poe in Baltimore and placed three roses and a half-empty bottle of cognac there. Unidentified people have carried out the ritual at the sepulchre on the writer's birthday each year since 1949, said Jeff Jerome, curator of the Edgar Allan Poe House and Museum. "It was a different guy this year, which surprised us," Jerome said of the 3:05 A.M. appearance, observed by 20 people from a church. "He looked rather youngish, maybe in his 30s. The guy last year was big and walked with an attitude." The master of the eerie lived in Baltimore from 1829 to 1836 and died there in 1849 at age 40.

The poet Maya Angelou and Secretary of State Madeleine Albright are among 21 inductees into the National Women's Hall of Fame in Seneca Falls, New York. Other inductees include the astronaut Shannon Lucid and the opera star Beverly Sills. The ceremony will be in July.

Gabriel Garcia Marquez will cover the visit of Pope John Paul II to Cuba as a reporter. Garcia Marquez is a friend of President Fidel Castro and as such he will "have first-hand privileged access to all the details of the trip," according to the Colombian newspaper *El Tiempo*. Garcia Marquez, who won the Nobel Prize for Literature in 1982, started his writing career as a newspaper reporter.

A Canadian and an Israeli were awarded the 1998 Wolf Prize in agriculture for their research in the biological control of plant diseases. Bal-dur R. Stefansson of the University of Manitoba and Ian Chet, a professor at Hebrew University in Jerusalem, were honored for their "innovative approaches in plant breeding and bio-control." The Israel-based Wolf Foundation said. The Wolf prizes are given annually for outstanding achievements in physics, chemistry, medicine, agriculture, mathematics and the arts.

Budapest will export 10,000 old cobblestones to New York for a memorial to the Swedish diplomat Raoul



Rigoberta Menchu and her husband, Angel Camille.

Wallenberg, who is credited with saving thousands of Jews during World War II. The city council said Monday that the tons of stones that once lay on the streets of the Budapest ghetto would serve as a base for the memorial outside UN headquarters in New York. The Hungarian-born sculptor Gusztav Krautz is designing the memorial. Wallenberg is credited with saving at least 15,000 Hungarian Jews from Nazi concentration camps by issuing them Swedish passports. He disappeared in mysterious circumstances in 1945, age 53.

Jimmy Buffett, the man who told us "If we weren't all crazy, we would all go insane," has slowed down at age 50. Buffett, whose birthday was Christmas Day, told the February issue of *Men's Journal* magazine, "What I know for sure is that there are a lot of smart middle-aged people, but not many wise ones. That comes with 'time on the water,' as fishermen say. 'We could all use a few more minutes out there,' added the rock 'n' roller turned fly fisherman. Crashing his plane in 1994 inspired him to slow down and simplify his life, he said in the excerpts from his forthcoming memoir, "A Pirate Looks at Fifty."

James Brown has been admitted to a hospital near his home in South Carolina to treat an apparent addiction to painkillers. Brown's agent, Jeff Allen, said the 69-year-old Godfather of Soul hurt his back while performing in Florida.

The French singer and actress

"He tried to do a split, and at his age he shouldn't be doing a split," Allen said. "I'm sure he won't be trying it again." Brown's lawyer, Albert Dailas, said, "James is taking a long, well-deserved rest. He's been touring for the past five years."

Rigoberta Menchu, the Maya native who won the Nobel Peace Prize in 1992, returned to her roots to get married, then bury her infant son, in back-to-back ceremonies over the weekend in the remote Guatemalan town of San Pedro Jocopilas. Menchu won the Nobel for her activities helping her fellow Mayan Indians during the ethnic violence of the 1980s. After the wedding, she and her husband, Angel Camille, a native of San Pedro, led a procession of mourners to the town cemetery to bury their son, Tz'usun, who died in December after a premature birth.

Burt Reynolds could have used a stunt double for his latest cannonball run. Reynolds donned Rollerblades and pads to prepare for an coming role as a hockey coach. The star of "Hooper" — a film about the bumps and bruises of the stunt business — was assured by a good source that he could handle it. "My son said, 'If you can Rollerblade, you can skate,'" Reynolds said in Entertainment Weekly. "I crashed, I burned, I went into palmetto bushes and trees. But I've never had a double, and I'm not about to start now."

What could be a more appropriate celebration of George Balanchine than to observe his birthday with new dance? Balanchine was born on Jan. 22, 1904, and on Thursday the company of which he was a founder will once again observe the date with world premieres. That night at the New York State Theatre, the New York City Ballet will present the first public performance of "Variations on a Nursery Song," by Richard Tanner, and "Concert Armonico," by Peter Martins, the company's artistic director.

The French singer and actress Vanessa Paradis was taken to a hospital in Paris with one leg in a cast Monday after flying home following a snowmobile accident in Canada.

## Question of Size? 'Titanic' Wins the Golden Globe

By James Sterngold  
New York Times Service

BEVERLY HILLS, California — In an evening that was expected to pit the big guns of expensive Hollywood films against the depth of small, independently produced dramas, an array of big and small films took Golden Globe awards here, with "Titanic," a \$200 million costume drama, winning as best film drama but with several smaller movies taking prominent awards.

"Does this prove once and for all that size matters?" asked James Cameron, who also won a Golden Globe as best director for "Titanic."

But the award for best dramatic actor went to a man who has been absent from films for years, Peter Fonda, well known

for his iconic role in the 1960s film "Easy Rider." He won the award for his part as a quiet, courageous beekeeper in "Ulee's Gold," a small-budget film. "God, it's good to be back," said Fonda, and then added, "I wish my dad were here tonight," referring to the legendary Henry Fonda.

Judi Dench won the award for best dramatic actress for her role as Queen Victoria in "Mrs. Brown."

The closest thing to a sweep in the evening was scored by "As Good As It Gets," a dark, odd comedy about an intensely neurotic novelist falling in love with a salty waitress. The film, directed and co-written by James L. Brooks, won as best musical or comedy, and its stars, Jack Nicholson (who also appeared with Fonda in "Easy Rider")

and Helen Hunt, won for best actor and actress in the category.

Although the awards, given by the Hollywood Foreign Press Association, have raised questions because the association is little recognized and has fewer than 100 voting members, they are seen as harbingers of the more popular Academy Awards given in March.

Among the more popular choices of the evening was Burt Reynolds, who has had many ups and downs in his career and who won as best supporting actor for his role as the paternalistic pornographic filmmaker in "Boogie Nights." The best supporting actress trophy went to Kim Basinger, who played a big-hearted call girl in "L.A. Confidential."

The winner for best foreign language film was "Ma Vie en Rose," Belgian.